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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX**

to the Commission Implementing Decision amending the Commission Implementing Decision C(2021) 9348 final as regards the financing of the individual measure in favour of the Republic of Moldova for 2021

**Action Document for State and Resilience Building Contract for the Republic of Moldova**

**INDIVIDUAL MEASURE**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and measure in the sense of Article 23(3) of NDICI-Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

|   |   |
|---|---|
| <b>1. Title<br/>OPSYS<br/>Basic Act</b>                         | State and Resilience Building Contract for the Republic of Moldova<br>OPSYS business reference: NDICI-GEO-NEAR/2021/ACT-60518<br>ABAC Commitment level 1 numbers: SCR.DEC.043646.01; JAD.1030273;<br>JAD.1251885<br>Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe). |
| <b>2. Economic and Investment Plan (EIP)</b>                    | Yes (Energy; Environment and climate resilience)  |
| <b>EIP Flagship</b>   | No  |
| <b>3. Team Europe Initiative</b>                                | No  |
| <b>4. Beneficiar(y)/(ies) of the action</b>                     | The action shall be carried out in the Republic of Moldova.   |
| <b>5. Programming document</b>                                  | Multiannual Indicative Programme (MIP) 2021-2027 for the Republic of Moldova <sup>1</sup> .   |
| <b>6. Link with relevant MIP(s) objectives/expected results</b> | Priority area 1: Resilient, sustainable and integrated economy<br>Priority area 3: Environment and climate resilience<br>Priority area 5: Resilient, fair and inclusive societies   |

<sup>1</sup> C(2022) 4323 final of 29.6.2022 on adopting a multiannual indicative programme for the Republic of Moldova for the period 2021-2027

**PRIORITY AREAS AND SECTOR INFORMATION**

|  |   |                                     |                                     |                            |
|--|---|-------------------------------------|-------------------------------------|----------------------------|
| <b>7. Priority Area(s), sectors</b>            | 230 - Energy, 510 - General Budget Support, 730 – Reconstruction and Rehabilitation   |                                     |                                     |                            |
| <b>8. Sustainable Development Goals (SDGs)</b> | Main SDG:<br>- SDG 1: End poverty in all its forms everywhere<br><br>Other significant SDGs:<br>- SDG 2 Zero hunger<br>- SDG 5 Achieve gender equality and empower all women and girls<br>- SDG 3 Good health and well-being<br>- SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all<br>- SDG 10 Reduced inequalities |                                     |                                     |                            |
| <b>9. DAC code(s)</b>                          | 15110 - Public sector policy and administrative management (20%)<br>15142 - Macroeconomic policy (30%)<br>15170 - Women’s rights organisations and movements, and government institutions (20%)<br>16010 - Social protection 30%  |                                     |                                     |                            |
| <b>10. Main Delivery Channel</b>               | 12000 – Recipient government  |                                     |                                     |                            |
| <b>11. Targets</b>                             | <input type="checkbox"/> Migration<br><input checked="" type="checkbox"/> Climate<br><input checked="" type="checkbox"/> Social inclusion and Human Development<br><input checked="" type="checkbox"/> Gender<br><input type="checkbox"/> Biodiversity<br><input type="checkbox"/> Human Rights, Democracy and Governance   |                                     |                                     |                            |
| <b>12. Markers (from DAC form)</b>             | <b>General policy objective</b>   | <b>Not targeted</b>                 | <b>Significant objective</b>        | <b>Principal objective</b> |
|  | Participation development/good governance   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>   |
|  | Aid to environment  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>   |
|  | Gender equality and women’s and girl’s empowerment  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>   |
|  | Reproductive, maternal, new-born and child health   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>   |
|  | Disaster Risk Reduction   | <input checked="" type="checkbox"/> |                                     | <input type="checkbox"/>   |
|  | Inclusion of persons with Disabilities  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>   |
|  | Nutrition   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>   |
|  | <b>RIO Convention markers</b>   | <b>Not targeted</b>                 | <b>Significant objective</b>        | <b>Principal objective</b> |

|                                      |  |                                     |   |                            |
|--------------------------------------|--|-------------------------------------|---|----------------------------|
|                                      | Biological diversity   | <input checked="" type="checkbox"/> | <input type="checkbox"/>                  | <input type="checkbox"/>   |
|                                      | Combat desertification   | <input checked="" type="checkbox"/> | <input type="checkbox"/>                  | <input type="checkbox"/>   |
|                                      | Climate change mitigation  | <input type="checkbox"/>            | <input checked="" type="checkbox"/>       | <input type="checkbox"/>   |
|                                      | Climate change adaptation  | <input checked="" type="checkbox"/> | <input type="checkbox"/>                  | <input type="checkbox"/>   |
| <b>13. Internal markers and Tags</b> | <b>Policy objectives</b>   | <b>Not targeted</b>                 | <b>Significant objective</b>              | <b>Principal objective</b> |
|                                      | EIP  | <input type="checkbox"/>            | <input checked="" type="checkbox"/>       | <input type="checkbox"/>   |
|                                      | EIP Flagship   | YES<br><input type="checkbox"/>     | NO<br><input checked="" type="checkbox"/> |                            |
|                                      | Tags   | YES                                 | NO  |                            |
|                                      | transport  | <input type="checkbox"/>            | <input checked="" type="checkbox"/>       |                            |
|                                      | energy   | <input checked="" type="checkbox"/> | <input type="checkbox"/>                  |                            |
|                                      | environment, climate resilience  | <input checked="" type="checkbox"/> | <input type="checkbox"/>                  |                            |
|                                      | digital  | <input type="checkbox"/>            | <input checked="" type="checkbox"/>       |                            |
|                                      | economic development (incl. private sector, trade and macroeconomic support) | <input type="checkbox"/>            | <input checked="" type="checkbox"/>       |                            |
|                                      | human development (incl. human capital and youth)                            | <input type="checkbox"/>            | <input checked="" type="checkbox"/>       |                            |
|                                      | health resilience  | <input type="checkbox"/>            | <input checked="" type="checkbox"/>       |                            |
|                                      | migration and mobility   | <input type="checkbox"/>            | <input checked="" type="checkbox"/>       |                            |
| energy connectivity                  | <input checked="" type="checkbox"/>  | <input type="checkbox"/>            |   |                            |
| Digitalisation                       | <input checked="" type="checkbox"/>  | <input type="checkbox"/>            | <input type="checkbox"/>                  |                            |
| Tags                                 | YES  | NO                                  |   |                            |
| digital connectivity                 | <input type="checkbox"/>   | <input checked="" type="checkbox"/> |   |                            |
| digital governance                   | <input type="checkbox"/>   | <input checked="" type="checkbox"/> |   |                            |
| digital entrepreneurship             | <input type="checkbox"/>   | <input checked="" type="checkbox"/> |   |                            |
| digital skills/literacy              | <input type="checkbox"/>   | <input checked="" type="checkbox"/> |   |                            |
| digital services                     | <input type="checkbox"/>   | <input checked="" type="checkbox"/> |   |                            |
| Connectivity                         | <input checked="" type="checkbox"/>  | <input type="checkbox"/>            | <input type="checkbox"/>                  |                            |
| Tags                                 | YES  | NO                                  |   |                            |
| digital connectivity                 | <input type="checkbox"/>   | <input checked="" type="checkbox"/> |   |                            |
| energy                               | <input type="checkbox"/>   | <input checked="" type="checkbox"/> |   |                            |
| transport                            | <input type="checkbox"/>   | <input checked="" type="checkbox"/> |   |                            |
| health                               | <input type="checkbox"/>   | <input checked="" type="checkbox"/> |   |                            |
| education and research               | <input type="checkbox"/>   | <input checked="" type="checkbox"/> |   |                            |

|   |   |                                     |                                     |                                     |
|---|---|-------------------------------------|-------------------------------------|-------------------------------------|
|   | Migration   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
|   | Reduction of Inequalities   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
|   | COVID-19  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>BUDGET INFORMATION</b>   |   |                                     |                                     |                                     |
| <b>14. Amounts concerned</b>  | Budget line(s) (article, item): 14.020111 – Eastern Neighbourhood<br>Total estimated cost: EUR 240 000 000.00.<br>Total amount of EU budget contribution EUR 240 000 000.00 of which EUR 240 000 000.00 is budget support.<br>The contribution is for an amount of EUR 60 000 000.00 from the general budget of the European Union for 2021, for an amount of EUR 75 000 000.00 from the general budget of the European Union for 2022 and for EUR 105 000 000.00 from the general budget of the European Union for 2023. |                                     |                                     |                                     |
| <b>MANAGEMENT AND IMPLEMENTATION</b>  |   |                                     |                                     |                                     |
| <b>15. Implementation modalities (management mode and delivery methods)</b> | <b>Direct management</b> through:<br>Budget Support: State and Resilience Building Contract   |                                     |                                     |                                     |

## 1.2. Summary of the Action

The Republic of Moldova<sup>2</sup> is facing an energy crisis caused by the reduction of both gas and affordable electricity supplies. Energy security has become a challenge with household increased energy tariffs. As a result, **energy poverty is on the rise**, as well as the number of vulnerable consumers, including **women (especially women/female headed households), children, persons with disabilities and the elderly** who are not able to afford basic energy related services. The Government's capacity to cope with the effects of such crisis are challenged, and the risk of social, economic and political upheaval is high. It is in this context that the proposed budget support programme<sup>3</sup> justifies a State and Resilience Building Contract (SRBC).

To avert such situation of fragility, the Action aims to contribute to maintaining macro-economic stability, enhance public finances, and ensure the reform and implementation of the Energy Strategy of Moldova - 2030<sup>4</sup>. The EU has contributed EUR 135 000 000.00 to the implementation of the **National Energy Crisis Action Plan (NECAP)**. By channelling an additional EUR 105 000 000.00 through the state budget, the Action will assist the government to support the Energy Vulnerability Fund (EVF)<sup>5</sup>. The Fund will continue to provide temporary subsidies to vulnerable consumers as a means to mitigate the ongoing energy crisis risk caused by the Russian war of aggression against Ukraine. In the long term, maintaining Moldova's core functions in the delivery of affordable energy services will support social and political cohesion, while safeguarding the respect **for democracy, the rule of law, and human and fundamental rights**.

The overall objective of this Action is to assist Moldova to mitigate the socio-economic impact of the rising gas prices in particular on vulnerable groups, strengthen the Government's overall capacity to deliver tailor-made services to these vulnerable groups and basic services to its population, and support the long-term socio-economic recovery, energy security, and energy transition of Moldova. The Action will contribute to targeted

<sup>2</sup> Hereinafter refer to as Moldova

<sup>3</sup> Hereinafter refer as the Action

<sup>4</sup> Hereafter refer as the Strategy

<sup>5</sup> Hereafter refer as the Fund

policy measures aimed at reducing the impact of increasing energy costs on citizens and in particular energy poverty of the most vulnerable and will contribute to growth-enhancing policies.

The Action therefore directly contributes to SDG 1 on ending poverty and SDG 8 on promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. The Action will also contribute to SDG 5 on gender equality, since from a gender and human rights perspective, women and men have different energy needs. The Action contributes to the following programming areas: Public sector policy and administrative management, macroeconomic policy, and social protection.

The Action directly contributes to the priorities of the 2021-2027 Multiannual Indicative Programme relating to resilient, sustainable and integrated economies (Priority #1), *environment and climate resilience (Priority #3)*, and resilient, fair and inclusive societies (Priority #5). The Action further builds on the Economic Recovery Plan for Moldova, the COVID-19 related emergency Macro Financial Assistance (MFA), and budget support already delivered to help mitigate the impact of the COVID-19 pandemic.

### 1.3. Beneficiary of the action

The State and Resilience Building Contract shall be carried out in the Republic of Moldova, which is included in the list of ODA recipients.

## 2. RATIONALE

### 2.1. Context

With the outbreak of Russia's war of aggression against Ukraine, energy security has become a challenge for Moldova. Russian gas imports were cut in half and electricity transfers from Transnistria (which supplied up to 80% of the country's needs) have stopped completely. The imports of electricity from war-hit Ukraine have also been cut due to the destruction of Ukraine's energy infrastructure, and consequently, the Government has turned to EU countries to meet its energy needs. At the same time, household energy tariffs have soared, with the price of electricity jumping by around 50%, pushing people to consume less and turn to alternative heating sources, such as firewood and coal, contributing to the loss of biodiversity and exacerbating climate change.

Considering the risks associated with potential blackouts and the unprecedented situation in the context of the Moldova Support Platform (Berlin, 5 April 2022), the Government decided to request international assistance. Collaboration and partnership on energy matters have strengthened between the EU and Moldova within the **High-Level Energy Dialogues**, establishing the direction and pace for future cooperation on energy security and connectivity, energy market reforms, and technical and financial assistance to reduce the negative spill – over effects of high energy prices. In December 2022, the EU has reiterated its support for Moldova and its energy sector at the third EU-Moldova High-Level Energy Dialogue, held in Vienna. In the context of Russia's war of aggression against Ukraine, the dialogue centred around the challenges that Moldova faces this winter, and ways in which the EU can further help in terms of affordable and secure energy supplies. The discussions also looked forward at ways in which Moldova can adjust and reform its energy system in order to enable integration with the EU market and keep addressing challenges related to climate change.

In this context, the ongoing Action is designed to offset the negative impact of prolonged energy crisis on the most vulnerable consumers (35% of the population) and eliminate acute energy poverty. It will help the Moldovan authorities to support most vulnerable users to weather the next winter while also helping the authorities to increase the country's overall energy independence. In addition, the action will generate positive

externalities such as the support in avoiding derailment of energy policy objective to ensure energy supply (and adherence to EU *acquis*) and meeting climate change targets to reach 7% of energy produce from renewable sources.

The Action which is amended by this document is in line with the EU Commission's **Global Gateway** initiative, in delivering sustainable and high-quality action, taking into account the needs of Moldova and ensuring lasting benefits for end users of energy. For example, in the long term, the budget support program will support Moldova to mitigate the potential risks of social upheaval that rising energy prices could cause.

The action supports use of renewable sources, which will contribute to production of sustainable energy supply, such as carbon capture for existing power plants and power generation technologies based on renewables. Additionally, smart technologies such as thermostats, lighting and other digital tools in residential, educational and health services buildings could reduce energy use by using real-time data to improve operational efficiency. The growth of the energy infrastructure, especially in regard to renewable energy, is expected to create new jobs in the sector, while privatisation of the energy sector will enhance investments and business environment. A strong Moldovan energy connectivity system will bring closer EU integration in the energy sector and provide much needed energy security in the sub-region.

The ongoing Action complements ongoing **Team Europe**<sup>6</sup> and other donors<sup>7</sup> initiatives. Team Europe already provides a coordinated approach by providing EUR 432 000 000.00<sup>8</sup> in the energy sector.

The rehabilitation of power transmission networks, the acceleration of the construction of new overhead electricity transmission lines, and the extension of substations allowed the country to connect with the European Network of Transmission System Operators (ENTSO-E), with the support of the EU. The strengthening of existing distribution networks is expected to allow the integration of more renewable energy into the national (international) energy matrix.

Additional exceptional assistance is given under the **Foreign Policy Instrument** and addresses the impacts of energy crisis, solutions toward energy security. This is carried out through the establishment of an energy fund for vulnerable consumers and paves the way forward for a new entity aiming for the upgrading of the residential sector with energy efficient measures. The EU and its Member States also support upgrading with energy efficient measures in municipal heating systems and public buildings, including schools and medical centres. Support for modernising public transport away from energy polluting vehicles to electric ones is also piloted in selected municipalities.

In line with the **Moldova Energy Strategy** (2013-2030 and 2023-2050), and the **Multiannual Indicative Programme** (MIP 2021-2027)<sup>9</sup>, the Action builds on past achievements, taking stock of the number of actions included within the Strategy, and adds value by defining the successive steps for energy sector development in delivering a path of social, economic, and decarbonised development. In terms of cross-cutting issues: Moldova's framework for fundamental rights and freedom of expression generally follows European and international standards<sup>10</sup>. Under the framework of the **European Neighbourhood Policy** and its eastern regional dimension, Moldova cooperates with the EU in its trajectory towards the transposition of the EU energy *acquis*. Under the **EU trade policy**, Moldova's energy market is interconnected with that of the EU and the Energy Community one. Moreover, in view of Russia's war of aggression against Ukraine, Moldova

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<sup>6</sup> The EU, the European Investment Bank, the European Bank of Reconstruction and Development, selected Member States.

<sup>7</sup> United States USD 30 million budget support to compensate energy purchases from Ukraine.

<sup>8</sup> About EUR 800 million since 2012.

<sup>9</sup> C(2022) 4323 final of 29.6.2022 on adopting a multiannual indicative programme for the Republic of Moldova for the period 2021-2027

<sup>10</sup> Commission's opinion on Moldova's application for membership of the European Union of 17 June 2022, COM(2022)406 final

collaborates on **EU defence policy** through regional dialogues and exchange of best practices, as well as **humanitarian policy** through aid for refugees (winter shelter programmes).

## 2.2. Problem Analysis

In the context of geopolitical turmoil and Russian threats to Moldova, the country has purchased gas at higher prices than usual. This increase in price has been felt by the population. As a result, **energy poverty increased greatly, and so did the number of vulnerable consumers**, including the elderly population, who are not able to adequately heat their homes. While gas prices in the global market have decreased since 2022, Moldovan consumers continue to pay in order to cover deviations accumulated over the prices of 2021-2022. Poorly energy efficient homes (inherited from the Soviet era), have worsened the situation and affected fundamental human rights such as the right to an adequate standard of living, adequate health and well-being. In order to mitigate the cost of energy price increases, the government is continuing to implement, following previous EU budget support, measures to help vulnerable consumers.

In October 2021, reduced gas quantities were delivered and there were difficulties in extending the contract between the Government and the Russian supplier (Gazprom). A state of emergency was declared on 22 October 2021 for a duration of 30 days. The state of emergency allowed derogation from certain laws and procedures, including quick allocation of funds from the budget to buy gas. The state of emergency was extended until July 2023<sup>11</sup>, and overlapping with the one generated by the war in Ukraine and the influx of refugees in the country. Since 24 February 2022, Moldova has faced an unprecedented influx of refugees, putting a considerable strain on the country's social infrastructure. As of May 2023, more than 700,000 Ukrainian citizens have entered Moldova and more than 100,000 are still on the Moldovan territory.

In October 2022, the crisis extended also to the electricity sector, with the termination of Ukrainian electricity exports – as a consequence of Russian bombing of Ukrainian infrastructure – on 11 October and the termination of the contract with MGRES. Electricity is currently brought from ENTSO-E (Romania-Moldova interconnection line), at higher prices putting an extra burden on vulnerable consumers. The significant increase in energy prices represents 8% of the 2021 Gross Domestic Product (GDP) and threatens to negatively impact macroeconomic context fuelling persistently high inflation and limiting growth. Budget support is expected to maintain macro-economic stability and public finances and ensure that reform and growth of the energy sector continues.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.

The main stakeholder of this Action is the Government of Moldova. The Action helps the Government Budget through fiduciary mechanisms support the Energy Vulnerability Fund, with a mandate to assist vulnerable consumers who are unable to pay their energy bills. To date 35% of the populations has been identified as vulnerable with more than 950.000 beneficiaries being classified as highly vulnerable.

## 2.3. Lessons Learned

In the period 2021–2022, the EU supported SRBC of EUR 60 million was used for paying energy bills to all households without considering their level of income or energy vulnerability. Following this experience, in 2022 an amendment of EUR 75 million to the SRBC was used to set up the Energy Vulnerability Fund. The Fund provided compensation of energy bills for vulnerable energy consumers and finance measures and programs to reduce energy vulnerability. In addition, an energy bill compensation mechanism has been put in

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<sup>11</sup> Government Decision 165/29.03.2023 [https://www.legis.md/cautare/getResults?doc\\_id=136168&lang=ro](https://www.legis.md/cautare/getResults?doc_id=136168&lang=ro)

place, providing households with an energy vulnerability category based on family income, thus the support is targeting the most vulnerable groups, such as women, children, the elderly, and persons with disabilities.

The EU support to date has concentrated on diversifying the supply routes for electricity and gas, mainly through new interconnections with EU networks. Considering that Moldova became an EU candidate country in June 2022, EU support could be increased, in an effort to integrate further Moldova in the EU energy markets through connectivity as well as meeting its Climate agenda through strengthening of distribution networks, needed for renewable energy to be promoted.

EU budgetary support (EUR 135 000 000.00<sup>12</sup>) was provided for financial support to vulnerable consumers in paying their energy bills but unprecedented high energy prices are causing the need for additional budgetary assistance, as the government estimates, based on previous years consumption patterns, EUR 250 000 000.00 for the 2022 – 2023 winter period.

The EU and its Member State actions on energy efficiency (EUR 60 000 000.00 loans from EIB and EBRD and a EUR 15 000 000.00 grant from the EU) focuses on energy efficiency and diversification of energy supply. It is part of Flagship 3 “Increasing energy efficiency – expanding the refurbishment of district heating systems in residential buildings (condominiums) in Chisinau and Balti” of the EU’s Economic and Investment Plan. The residential sector, however, represents the majority of energy loss due to Soviet-era constructions where energy was abundantly cheap and energy efficient measures were not considered in architectural designs. Energy efficiency projects can be stimulated by a higher grant component, both in public and residential sector.

## 2.4. Additional Areas of Assessment

### 2.4.1. Public Policy

The country’s main strategic planning document, which serves as a basis for current programming, is the National Development Strategy “European Moldova 2030” (NDS-2030), approved in 2018, and aims, among other, to reduce vulnerabilities to threats and risks of all kinds, including energy crisis, enhancing the security of the functioning of critical systems, helping to create an environment where citizens, regardless of their age, gender, ethnicity or religion, feel protected and safe. The National Energy Strategy (NES 2030) is coherent with the NDS-2030 and complements in as far as promoting energy security.

Moldova continues to face direct consequences of Russia’s ongoing war of aggression against Ukraine. It is in this context that the Parliament of the Republic of Moldova extended, in April 2023, a state of emergency. To this end, the **National Emergency Crisis Action Plan (NECAP)** continues to be the policy used to address such state of emergency. The NECAP has already served to mitigate the consequence of the increase in energy prices over the 2021-2022 winter to the most vulnerable citizens. The EU supported the implementation of NECAP 1 and 2 with EUR 135 000 000 in the state budget. NECAP continues to constitute a relevant basis for budget support contract objectives to be achieved. The third NECAP is to be adopted and expected to support for household bills for gas and heating in the winter season 2023-24. It should include provisions on:

- Gas stocks for winter 2023-24 according to EU regulation (2022/1032) are secured. In the case of Moldova, such stocks will be safeguarded in neighbouring countries. Steps to further strengthen security of electricity supply.
- The Energy Vulnerability Fund will continue to be operational: Fine-tuning the requirements of this Fund and focusing on the most vulnerable consumers, while creating safeguards to avoid irregularities.

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<sup>12</sup> EUR 60 million paid prior to the establishment of the Energy Vulnerability Fund and EUR 75 million after.

- Measures for a mechanism to finance residential energy efficiency initiatives.

The Action will assist the government to continue supporting vulnerable population following the adoption of NECAP-3 through an allocation of 105.000.000.

In terms of accomplishment of the NECAP: on the medium term (2013-2020), Moldova secured natural gas supply through the construction of the Iasi-Ungheni-Chisinau gas interconnector pipeline between Romania and Moldova. Moldova also became fully synchronised with the European Network of Transmission System Operators for Electricity (ENTSO-E). Electricity power transmission networks have been rehabilitated through the construction of overhead electricity transmission lines, and the extension of substations. Energy efficiency in electricity reached on average 22.000 MWh in 2022<sup>13</sup> partially due to measures undertaken in public buildings (schools and hospitals) and upgraded municipal heating systems. The medium-term policy objectives of NECAP in regard to fair competition in an open and competitive energy market, as well as the enhancement of renewable sources have also not been accomplished due to the outbreak of the war and the energy crisis.

The government is responsible for monitoring the implementation of NECAP and ensuring regular communication, through media, on achieving the objectives and implementation of this plan. The Plan has several activities with specific indicators (with different timelines) and implementation costs where relevant. The total cost of measures to reduce the impact of rising energy prices on household consumers and help vulnerable groups overcome the difficult socio-economic situation was estimated at EUR 250 million for the winter periods in 2021-2023.

Ministries and authorities are responsible for monthly reporting on the measures taken, and the Ministry of Energy is responsible for drafting and presenting a monthly progress report to the government. Progress reports, regulatory decisions of energy related investments are among the tools used to verify NECAP's implementation<sup>14</sup>.

The NECAP represents the prioritisation of the country's problems caused by the ongoing crisis, calling for quick solutions such as the establishment of a mechanism to provide direct support on households' energy bills. In this context, the Energy Vulnerability Fund was formalised in July 2022. The continuation of the energy crisis has also resulted in extension of the validity of NECAP-2<sup>15</sup>, targeting the winter of 2022 - 2023. To this end, the EU supported the NECAP 1 and 2 with EUR 135 000 000 in the state budget. By channelling an additional EUR 105 000 000, the Action will assist the government to continue supporting vulnerable population following the adoption of NECAP-3.

NECAP is also complemented by an overarching development strategy<sup>16</sup>, which calls, among others, for the reduction of vulnerability of all kinds, and the achievement of climate resilience. It is in this context that the two policy frameworks are linked, in regard to energy security, efficiency, and promote renewable energy. A policy revision is underway with a priority to deliver basic services to the population in general, through the support of vulnerable end users. The revision<sup>17</sup> calls for an adequate level of energy security, ensuring that consumers are able to access energy when needed at affordable prices without ignoring the overall EU energy and climate goals. By 2030, the target to reduce greenhouse gas (GHG) emissions is 27% as the share of renewable energy sources (RES) in the energy mix will increase, and energy consumption will be reduced

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<sup>13</sup> <https://controlezfactura.gov.md/>

<sup>14</sup> <https://midr.gov.md/ro/transparenta-decizionala/rapoarte>

<sup>15</sup> GD No.514/2022: [https://www.legis.md/cautare/getResults?doc\\_id=132381&lang=ro](https://www.legis.md/cautare/getResults?doc_id=132381&lang=ro)

<sup>16</sup> European Moldova Strategy 2030: <https://me.gov.md/en/content/national-development-strategy-moldova-2030>

<sup>17</sup> Workshop on 1 April 2022, followed by a series of 5 workshops between May and June 2022

through increased efficiency. In this context, among NECAPs objectives is the increase of energy efficiency awareness among vulnerable consumers, especially regarding upgrading household electrical appliances to more energy efficient ones. This objective is in line with the current projects under the energy efficiency flagship of the Economic and Investment Plan (EIP) such as the Moldova Energy Efficiency Programme financed by the EU, the EIB and the EBRD (EUR 75 million).

The National Bureau of Statistics (NBS) is the institution responsible for collecting and processing energy statistics in Moldova, and three statisticians are dedicated part-time to this task. The main energy statistics publication is the Energy Balance of the Republic of Moldova<sup>18</sup>, available in Portable Document Format (PDF) in Romanian, English and Russian on the website of the NBS. It provides the full picture of Moldova's energy situation in physical and energy units, and underlying energy data are easily accessible in Excel format in the energy statistics section of the website. Moldova shares energy data through five annual International Energy Agency (IEA)/Eurostat/UN Economic Commission for Europe (UNECE) joint questionnaires.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore, the policy can be supported by the Commission with the proposed budget support contract.

## **2.4.2. Macroeconomic Policy**

The macroeconomic situation of Moldova experienced a hard landing in 2022 with GDP contracting by 5.9%. Thus, Moldova's post-pandemic recovery (GDP growth reached 13.9% in 2021) was strongly muted by the effects of the Russia's war of aggression against Ukraine that hit the consumers and business confidence.

In 2023, the economy is set to recover mildly, with a stronger rebound expected in 2024. The recovery is likely to be underpinned by improved agricultural output (although remaining exposed to corresponding weather-related risks) as well as higher investment and stronger household consumption, on account of increased real income amid moderating inflation. The planned high budget deficit also suggests additional fiscal support. However, Moldova's economic outlook remains vulnerable to the fallout of Russia's war of aggression against Ukraine and the looming risk of a prolonged and deeper energy crisis. Moldova is also particularly exposed to a potential weakening of economic activity in the EU, the country's biggest trade partner and a major source of remittances.

Medium-term outlook is also marked by some underlying structural weaknesses. The economy continues to be characterised by low diversification and a reliance on the agricultural sector. Moreover, weak rule of law and high-level corruption have prevented the country from developing a robust business environment attracting investment, especially from abroad. The state footprint on the economy remains large, as reflected in low productivity levels. Moreover, Moldova's considerable informal sector continues to capture much of the country's labour force. Nevertheless, the authorities present a strong commitment to further reform implementation to strengthen the country's macroeconomic stability and long-term growth. The reforms are also supported by Moldova's commitments to its international partners, notably, including the nine steps under the candidate status granted in June 2022.

Despite growing pressure from the war-induced slowdown, budgetary performance was better than expected in 2022. In 2022, the budget deficit widened to 5.2% of GDP from 1.9% in 2021. Still, it came in slightly below the target of 6.2% of GDP set in the revised 2022 budget. The widening compared to 2021 was partly due to energy and social subsidies aimed to help the most vulnerable households to weather the exceptionally high inflation. Spending on targeted transfers to households, (less than proportional) indexation of public salaries and outlays for securing gas supplies drove expenditure up by 28% in 2022. At the same time, the inflationary environment was supportive of revenues, which increased by 16% because of higher outturns of

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<sup>18</sup> [https://statistica.gov.md/en/energy-balance-of-the-republic-of-moldova-63\\_3710.html](https://statistica.gov.md/en/energy-balance-of-the-republic-of-moldova-63_3710.html)

VAT, corporate income tax, and to a lesser extent, excise duties. The budget deficit is set to remain high in 2023, planned at 6% of GDP, according to the State Budget Law. It is to be further driven by higher outlays for social assistance programmes as well as public salary increases and pensions adjustment. The overall expenditure on social protection is set to increase considerably compared to the pre-war levels, from 12.2% of GDP in 2021 to 15.1% of GDP in 2023. Capital expenditure is estimated to slightly decline compared to 2022 and typically remains subject to risks of under-execution, although work is underway to improve investment planning in the future also through an EU funded Technical Assistance project.

Moldova's public debt increased by 4 percentage points to 36.3% of GDP at end-2022. This was fuelled by the budget deficit as well as by the marked weakening of the local currency in the first half of the year. However, the majority of Moldova's public debt has been extended by international creditors on concessional terms. Moreover, and despite the increase, the country's public debt metrics remains the lowest in the Eastern neighbourhood. However, the IMF classified Moldova's debt distress as moderate, given high sensitivity to downside risks to its economic outlook.

Consumer price inflation continued to soar and hit new record-high levels in 2022 particularly effecting the most vulnerable. It accelerated to 34.6% year-on-year in October, 23 percentage points higher than at the beginning of the year. Thus, headline inflation remains significantly above the central bank's target rate of 5% +/- 1.5 pps. It was driven primarily by growing food prices and services, in particular, natural gas tariffs (a rise of 360% on the year). The historically high inflation in Moldova can be accounted for by many factors, most of them stemming from the war. Demand-side pressures have largely eased, although the still high credit growth adds to sharp price increases. Facing unprecedented inflationary pressures, the central bank strongly tightened its monetary policy stance thus impacting the growth in 2022. It increased the base rate several times between March and August by a cumulative 900 basis points to 21.5%. The sharp monetary tightening helped the local currency to stabilise following an initial significant depreciation (of around 7% against the USD) after the start of Russia's war of aggression in Ukraine. As inflation is expected to decrease rapidly throughout 2023, the central bank started to ease the monetary policy stance. After a significant monetary tightening in 2022, the central bank cut its key policy rate by 1.5 percentage points in December 2022. This was followed by another two reductions of combined 6 percentage points in early 2023 that brought the benchmark interest rate to 14.0% as of March 2023.

Despite the initial rush of deposit withdrawals caused by the war, the banking sector seems well capitalised and stable. In the first nine months of 2022, the liquidity coverage ratio, although declining when compared to 2021, stood at 174%, well above the 80% regulatory requirement. The ratio of non-performing loans increased only moderately, by 0.4 percentage points to 6.5%. Following a marked decline in bank domestic currency deposits with the start of Russia's invasion, these recovered to their pre-war levels by mid-2022. Credit growth moderated in the second half of 2022, including as result of the central bank's regulatory measures, also aimed at curbing inflation. The current account deficit remained high in 2022, at more than 15.7% of GDP It was driven largely by a large negative trade balance (32% of GDP). However, at 13.7% of GDP, remittances remained broadly stable, despite initial fears that transfers from abroad, especially Russia and the Commonwealth of Independent States would slow down markedly. Net FDI also remained relatively strong in 2022 (3.7% of GDP), jumping back to its pre-pandemic level, largely thanks to reinvested earnings and carry over effects from the previous year.

Electricity tariffs increased 4 times in 2022 and the accessibility of electricity for the population decreased sharply. At the beginning of 2022, an average salary could buy 5,246 kWh, after 8 months, only 1,826 kWh. In case of gas, the average salary could buy approximately 888 m<sup>3</sup>, while purchasing power decreased to only 372 m<sup>3</sup>, (reducing more than 2.3 times).

Significant reliance on external assistance in form of concessional donor funding and commercial borrowing continues. On 21 December 2021, IMF Executive Board approved Moldova's requests for ECF/EFF arrangements. According to the IMF, the 40-month programme's objectives are to sustain the post-pandemic recovery, address pressing developmental needs, and strengthen governance and institutional frameworks.

The key policy challenge is to design a prudent policy mix to mitigate the impact of the pandemic and pursue developmental objectives without endangering debt sustainability. Structural reforms will aim to address vulnerabilities to improve the rule of law and the anti-corruption framework and strengthen fiscal and financial governance, ultimately accelerating income convergence between Moldova and European peers.<sup>19</sup>

The ad-hoc review of the ECF/EFF arrangements took place in April-May 2022. The review made USD 144.81 million (SDR 108.15 million) available to Moldova immediately<sup>20</sup>. The Board also approved an augmentation of access under the programme. Total access under the ECF/EFF arrangements was increased by about USD 260.11 million (SDR 194.26 million) to USD 795.72 million (SDR 594.26 million). Since the beginning of the energy crisis in 2021 the EU has disbursed EUR 135 million in Budget Support Operations to help the most vulnerable citizens, such as women and children, people with disabilities, the elderly during the energy crisis. Following a request by the Republic of Moldova, the EU has approved a Macro-Financial Assistance (MFA) operation of EUR 150 million, out of which up to EUR 30 million will be provided in grants and up to EUR 120 million in medium-term loans at favourable financing conditions, which includes energy sector conditions. The mentioned MFA operation is foreseen to be topped up with additional EUR 145 million operation, of which EUR 100 million in loans and EUR 45 million in grants that is expected to be disbursed in 2023.

Bilateral support to Moldova was also substantial in 2022. In February, Moldova signed an agreement with Romania on EUR 100 million assistance. France provided two bilateral loans for a total of EUR 65 million. Poland pledged an interest-free loan of EUR 20 million. Germany announced in early April 2022 plans to extend a EUR 50 million loan. In addition, the World Bank deployed Development Policy Operation of EUR 150 million.

Following the remaining acute state of the energy crisis further support will be necessary in 2023. In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

### **2.4.3. Public Financial Management**

The Government's Public Financial Management (PFM) reform agenda is set out in the 2023-2030 Public Finance Management Reform Strategy which was adopted in February 2023. The strategy was adopted following the publication of the new 2020 PEFA assessment, published in July 2022, and in addition to PEFA was based on already available Public Investment Management Assessment (PIMA) and independent evaluations in Debt Management, Taxation, Procurement and Public Investment Management. The Public Financial Management Transparency Assessment (PFMTA) report covering the period June 2020-May 2021 concluded that the previous 2013-2020 strategy was implemented with consistency and many of the core issues were addressed indicating the consistency of the PFM reforms. The elaboration of the new multiannual Public Finance Management Reform Strategy fulfilled the Action 5 for the disbursement of the second tranche of the Macro Financial Assistance.

Overall, the PFM reform outlook in Moldova remains positive. The Ministry of Finance (MoF), its constituent departments and the Court of Accounts and relevant Parliamentary Committees other key institutions remain committed to reform. The country has been demonstrating progress in PFM and Domestic Revenue Mobilisation (DRM) through the following key reforms:

1. Expansion and strengthening of fiscal discipline demonstrated by upward revision of revenue to reflect better than expected performance in tax and customs collection and downward revision of the fiscal deficit in 2021 and 2022 in all amendments to the State budget law (March, September, November 2021 and May 2022). Similar trends are visible in 2023 on account of increased budget revenue.

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<sup>19</sup> <https://www.imf.org/en/News/Articles/2021/12/21/PR21393-Moldova>

<sup>20</sup> <https://www.imf.org/en/Publications/CR/Issues/2022/05/13/Republic-of-Moldova-Ad-Hoc-Review-Under-the-Extended-Credit-Facility-Request-for-517858>

2. In the area of public debt management, the 2022-2024 Medium-Term Debt Strategy was developed by the Ministry of Finance and approved by the Government on 16 February 2022<sup>21</sup>. Based on the strategy the government maintained a low stock of debt and kept the cost of borrowing relatively low.
3. Steps taken to enable future reforms in Public Investment Management through the development and establishment of a national procedure for the appraisal of public investment projects. The procedure will be automated through a web-based application increasing efficiency and transparency in allocating government resources to public investment. The procedure is expected to be applied in second half of 2023.
4. Enhancement of debt management and development of domestic securities market, in particular with the issuance of the first ever 7-year bond in the domestic market;
5. Improvements in public financial control and audit including enhancement of technical capacity in the Central Harmonisation Unit (CHU) and selected line ministries, including in the Ministry of Energy;
6. Revision of the strategic framework for the Supreme Audit Institution and enhancement of capacities in financial and compliance audits;
7. Enhancement of the parliamentary oversight of the budget through the establishment of a standing Public Accounts Committee (Committee for control of public finances) and public hearings of the reports of the Court of Accounts;
8. Improved scored in latest available Open Budget Index;
9. Adoption of the new Customs Code which will enter in application in 2024
10. Preparation of the introduction of a single window and New Computerized Transit System (NCTS).

According to the Commission's Analytical Report following the Opinion on Moldova's application for membership of the EU<sup>22</sup>, "Most of the elements for phases 1 and 2 of the public procurement annex to the AA/DCFTA have been fulfilled. Moldova needs to further align its legislation with EU law, especially by aligning the laws on concessions and public-private partnerships. It also needs to adopt specific legislation on the award of procurement contracts in the field of defence and security, and amend secondary public procurement legislation. The efficiency of the public procurement system needs to be improved and the e-procurement system needs re-engineering."

There is continuous commitment of the authorities to the increase in domestic revenue mobilisation. The general budget revenue of Moldova as percentage of GDP (30%) remains lower than in its peers, indicating further revenue mobilisation potential. According to recent IMF estimations, the total General Government revenue in 2027 in nominal terms will almost double compared to the actual revenue collection in 2021. This growth is only due to increase in domestic revenue collection, as in coming years official transfers (grants) are planned to remain at the same level as in 2020 or even decrease.

According to the Commission's Analytical Report following the Opinion on Moldova's application for membership of the EU<sup>23</sup>, "Moldova has taken steps to align legislation with the EU *acquis* on VAT and excise duties. Legislation on direct taxation has yet to be aligned with the EU *acquis* and international best practice. Significant efforts are needed to equip the tax administration with the IT systems, procedures and staff needed to align with the EU *acquis*".

Reforms to the tax administration are ongoing. International practices are in place in some areas (for example in taxpayers assistance, electronic services, etc.), while progressing in other areas such as the risk-based compliance management. Identified weaknesses include unreliable tax payers register, limited risk based-

<sup>21</sup> [https://www.legis.md/cautare/getResults?doc\\_id=129972&lang=ro](https://www.legis.md/cautare/getResults?doc_id=129972&lang=ro)

<sup>22</sup> Analytical Report following the Commission Opinion on the Republic of Moldova's application for membership of the European Union, 01.02.2023, SWD(2023) 32 final

<sup>23</sup> Analytical Report following the Commission Opinion on the Republic of Moldova's application for membership of the European Union, 01.02.2023, SWD(2023) 32 final

focus for the audit, value-added tax (VAT) refund programs, outdated IT systems etc. Frequent changes in tax policy and tax rates are still common. The VAT approximation road map and related recommendations providing for gradual alignment of the VAT regulation with the EU VAT Directive is pending follow up by the MoF. While smuggling or non-declaration of goods and undervaluation schemes still exist and affect state revenue as well as competition and fair trade the authorities are taking steps to curb these activities. From May 2021 the consumption stamps for alcoholic and tobacco products imported and intended for consumption in the territory not controlled by the constitutional bodies were applied. In the customs sector important steps were taken with the adoption of the new Customs Code, preparation of the introduction of a single window and New Computerised Transit System (NCTS). In addition, as part of the implementation of the National Action Plan for Trade Facilitation (Article 193 of the Association Agreement) steps have been taken towards the implementation of the Customs Service of the Authorised Economic Operator (AEO) programme.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

#### **2.4.4. Transparency and Oversight of the Budget**

Moldova has sustained a solid level of transparency reflected by the systematic publication of draft and enacted budgets. The budget documentation is published, and budgetary information is generally accessible, timely, comprehensive and sound. The only document that is not produced is the Mid-Year Review. External audit and control are also performed and are consistently improved. Moldova ranks relatively high in the latest available 2021 Open Budget Survey (OBS). In this publication, Budget Transparency in Moldova is scored 65/100 ranking 21<sup>st</sup> out of 120 surveyed countries<sup>24</sup>. This is a considerable improvement compared to the 2019 survey, when scoring 57 Moldova ranked 39<sup>th</sup> out of 117 surveyed countries.

The Supreme audit institution presented to the Public Finances Control Committee in the parliament the reports on the compliance audit of the management and use of resources in the field of health to prevent and combat the spread of COVID-19 infections. The findings of the audit stated the need to intensify internal control processes, especially for public procurement, at all stages and for all public entities involved in the process, with the development of a systemic action plan, which would reduce possible risks and non-compliances. The Supreme Audit institution will start a performance audit on the Efficiency and effectiveness of the use of resources for implementation and development of the Energy Vulnerability Information system in July 2023. Results are expected in early 2024.

The entry point is considered to be met as the 2022 State Budget Law was adopted on 16 December 2020<sup>25</sup>.

In conclusion, the relevant budget documentation has been published and the eligibility criterion is met.

### **3. DESCRIPTION OF THE ACTION**

#### **3.1. Objectives and Expected Outputs**

The Action consists of a State and Resilience Building Contract to support societal and state resilience in the Republic of Moldova<sup>26</sup>. The budget support contract contributes to the government's policy to reduce the combined negative impact of the Russian war of aggression against Ukraine and persistent energy crisis on Moldovan citizens, to ensure the delivery of essential services, particularly to the most vulnerable segments of the population and to support the long-term socio-economic recovery, energy security and energy transition

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<sup>24</sup> <https://internationalbudget.org/open-budget-survey/country-results/2021/moldova>

<sup>25</sup> <https://www.mf.gov.md/sites/default/files/Bugetul%20cetatenilor%20pe%202021%20-%2003.02.21.pdf>

<sup>26</sup> In line with the Joint Communication on A Strategic Approach to Resilience in the EU's External Action (JOIN(2017) 21 final

of Moldova. The European Commission President's visit, in November 2022, the ongoing EU-Moldova High Level Dialogue on Energy<sup>27</sup>, and the day-to-day collaboration between the EU Delegation and the High-Level Advisers on energy issues, demonstrate a robust policy dialogue in the sector at all levels.

The **Overall Objective** (Impact) of this action is to mitigate the socio-economic impact of the rising gas prices in particular on the vulnerable groups, strengthen the Government's overall capacity to deliver tailor made services to these vulnerable groups and basic services to its population, and support the long-term socio-economic recovery, energy security, and energy transition of Moldova.

The **Specific Objectives** (Outcomes) of this Action are to:

1. Counteract socio-economic hardship, with a special focus on vulnerable groups in the context of the energy crisis;
2. Sustain post-COVID-19 socio-economic recovery and economic growth by providing support to vulnerable groups to cope with the combined negative effects of the military aggression in Ukraine, rise in energy prices and the COVID-19 crisis;
3. Support Moldova's long-term objective of energy transformation with steps towards increasing energy security and energy efficiency.

The **Induced Outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

- 1.1 contributing to Outcome 1 (or Specific Objective 1): NECAP-3 adopted with measures to support the socially vulnerable population are put in place.
- 2.1 contributing to Outcome 2 (or Specific Objective 2): Steps taken to design measures to sustain gender-inclusive socio-economic recovery and fight poverty including management of sector's basic public services and rights ensured.<sup>28</sup>
- 3.1 contributing to Outcome 3 (or Specific Objective 3): Steps to support Moldova's long-term energy security and energy transition are taken, including increased energy efficiency awareness.

The **Direct Outputs** to be delivered by this action contributing to the corresponding Induced Outputs are:

- 1.1.1 contributing to Induced Output 1.1: Funds transferred for energy crisis mitigation available in order to alleviate the financial burden on the vulnerable groups.
- 2.1.1 contributing to Induced Output 2.1: Reduced energy bills to vulnerable end users ensured in order to increase predictability of measures for job creation, employability and sustainable economic growth.
- 3.1.1 contributing to Induced Output 3.1: Activities conducive to reforms in the energy sector are carried out including through awareness campaigns.

### **3.2. Indicative Activities**

#### Activities related to Induced Output 1.1: Revised strategy policy framework

- Continued assessment of the new strategy (Iterative Approach: reviewing format, attention to institutional capacity, budgetary means, possible investments, realistic targets including gender and diversity targets, geopolitical considerations);
- Continued Policy dialogue with the EU (and other donors);

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<sup>27</sup> Second EU High Level Energy Dialogue (June 2022)

<sup>28</sup> Energy Vulnerability Fund

- Consultations with relevant stakeholders, including women rights organisations, revision of the document for final adoption.

#### Activities related to Induced Output 1.2: Managed basic public services ensured (Energy Vulnerability Fund)

- Coordinate/manage subsidies to vulnerable end users;
- Implement Law and Government Decisions regarding the Fund;
- Enhance human resources, manage and supervise the Fund;
- Vulnerable consumers are included in the proper beneficiary categories.

#### Activities related to Induced Output 1.3: Increased energy efficiency awareness

- Monitor subsidy applications and evaluate needs/gaps;
- Monitor electricity and gas consumption and alert consumers when abnormal high consumption is identified;
- Provide to residential consumers practical solutions on how to reduce / optimise their energy consumption (customized info provided on their energy bills);
- Use the exemplary role of public bodies' buildings, increase the savings in public buildings as an example for other energy consumers.

#### Activities related to Direct Output 1.1.1: Funds transferred for energy crisis mitigation

- Establish transparency procedures with formation on the disbursements of funds to end users (available to the public);
- Create management procedure on a non-profit basis;
- Create the system of payments highlighting the compensations on the bills (with energy suppliers' involvement);
- Create the registration and tracking system for subsidies, at the energy supplier's level.

#### Activities related to Direct Output 2.1.1: Affordable energy prices to vulnerable end users

- Assess regulating the volumes (KWh) and values (monetary) to be compensated;
- Monitor the monthly use of funds for subsidies, estimate if the estimated funds are enough to cover the needs;
- Monitor the effects of the subsidies on each of the five categories of vulnerable consumers, their affordability to pay the energy bills.

#### Activities related to Direct Output 3.1.1: Awareness campaigns on saving energy are carried out

- Promote awareness and possible other means of communication;<sup>29</sup>
- Provide information regarding energy-saving tips in the media including in social media;
- Create videos and other digital information to be distributed on TV.

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<sup>29</sup> <https://compensatii.gov.md> <https://controlezfactura.gov.md>

### **3.3. Mainstreaming**

#### **Environmental Protection, Climate Change and Biodiversity**

**Outcomes of the Strategic Environmental Assessment (SEA) screening** (relevant for budget support and strategic-level interventions)

The SEA screening concluded that this action is no or low risk (no need for further assessment).

The action envisages, among other, a rethinking of the energy generation mix from the perspective of avoiding climate change impact by promoting, for example, carbon mitigation measures through household energy efficient equipment with the state-of-the-art technologies.

Energy inefficient household appliances are often linked to energy poverty and social problems. Vulnerable households tend to spend proportionally more on energy so are more exposed to increasing prices. New appliances categorised into energy performance codes are being introduced. Such categorisation is new to Moldovan consumers and it is in this context that the Actin envisages awareness specifically geared to increase familiarity. The subsidies provided to vulnerable groups help to reduce energy bills and contribute to lifting people out of energy poverty by maintaining their purchasing power to upgrade to such appliances. Once consumers become aware the payoffs on their energy bills following upgrade of their appliances, they will proceed with replacing their existing ones. As the residential sector is among the largest contributors to greenhouse emissions energy saved through will directly reduce the emissions in the long-term.

**Outcomes of the Environmental Impact Assessment (EIA) screening** (relevant for projects and/or specific interventions within a project).

The EIA screening classified the action as Category C (no need for further assessment).

**Outcome of the Climate Risk Assessment (CRA) screening** (relevant for projects and/or specific interventions within a project).

The CRA screening concluded that this action is no or low risk (no need for further assessment).

#### **Gender equality and empowerment of women and girls**

Gender equality is one of the EU's core values. Women and girls are key agents of development and change. Achieving gender equality and empowering women and girls is vital to building fair, inclusive, prosperous and peaceful societies everywhere.

As per OECD Gender DAC codes identified in section 1.1, this Action is labelled as G1. This implies that the principles of gender equality and women empowerment are significant objectives to this Action.

Gender equality and women's and girl's empowerment are significant objectives to this Action. Based on the activities to be conducted in the framework of the Action, vulnerable women and men shall be provided with social support to cope with the negative effects of the rising energy prices, although statistically there is a higher proportion of women in the vulnerable population. The project will hence have a direct impact on women and men as final beneficiaries of the Action. During the implementation stage and through policy dialogue, a focus on gender-specific issues will be taken into account.

#### **Human Rights**

Actions under this programme will apply the human rights based approach and be based on the principles of good governance, equality and the inclusion of socially or economically deprived or vulnerable groups. The

actions will improve the access of vulnerable groups, including women, youth, disabled persons to energy. The action contributes to fulfilling the economic rights of the vulnerable groups and improving their wellbeing.

As mentioned in the Commission Opinion on the Republic of Moldova's application for membership of the EU, "Moldova has a solid foundation in place to reach the stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities"<sup>30</sup>.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the inclusion of persons with disabilities is an important objective of the Action. The Action envisages to provide targeted social support to women and men, girls and boys with disabilities, to cope with the negative effects of the rising energy prices. According to the Moldovan National Bureau for Statistics "the estimated number of people with disabilities in the Republic of Moldova is 182,000, including 11,700 children aged 0-17 years. Persons with disabilities represent 5,1% of total population of the country, and children with disabilities constitute approximately 1,7% of all children from Moldova".

### **Democracy**

Actions under this programme will support steps taken by the Moldovan government to address the principles of public administration developed by the European Commission. The actions will support the Moldovan authorities to improve the governance of the energy sector, including improving implementation of policy. In the long term, this action will have a positive impact on building capacity of the administration and improving services for citizens. Maintaining Moldova's core functions in delivery of affordable energy services, will support social and political cohesion, in a manner that respect for democracy, rule of law, and human and fundamental rights, are safeguarded.

### **Conflict sensitivity, peace and resilience**

Since 24 February 2022, Moldova has faced an unprecedented influx of refugees, putting a considerable strain on the country's social infrastructure. As of May 2023, more than 700,000 Ukrainian citizens have entered Moldova and more than 100,000 are still on the Moldovan territory. In addition, Russia's war of aggression against Ukraine is increasing the risks of transnational crime at the EU border. Attempts of drug, firearm and people smuggling (including children) are on the rise. Since the start of the war, about 8.7% increase in drug-related criminal cases and a 14-times increase in cases related to arms and light weapons, have been registered.

The Government is making efforts to increase budget to build resilience and to increase multilateral and bilateral cooperation on security. The contract is intended to increase the overall resilience of economy and society to external shocks.

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<sup>30</sup> Commission Opinion on the Republic of Moldova's application for membership of the European Union – COM(2022) 406 final

### 3.4. Risks and Assumptions

| Category <sup>31</sup> | Risks  | Likelihood (Medium) | Impact (High/Medium) | Mitigating measures  |
|------------------------|--|---------------------|----------------------|--|
| 2, 3, 5                | The operational capacity of the government to implement the resilience contract and reach to the most vulnerable groups of society/business in the most efficient and timely manner. | M                   | H                    | Two fixed tranches foreseen in order to ensure the follow up and monitoring of concrete sector reforms.  |
| 1, 2, 3                | Maintenance of stability-oriented macroeconomic policy and progress in the implementation of public finance management reforms.  | M                   | M                    | IMF programme is approved and remains on track.  |
| 2, 3                   | Lack of capacity of the government to define and implement efficiently short and medium term response measures to address the needed reform in the energy sector.                    | M                   | M                    | Pursue the policy dialogue with the relevant public authorities, ensure close co-ordination with international partners, (e.g. newly created Sectorial Council for coordination) business community and civil society organisations. |
| 1                      | High energy prices may cause social upheavals, increase of manifestations with a risk of destabilising democracy.  | H                   | M                    | Government's ability to deliver on a secure and affordable energy supply has been confirmed.   |

### External Assumptions

It is assumed that Moldova will remain fully dependent on fossil fuel and electricity imports, with natural gas serving most of its energy needs. For example, by 2024 the share of fossil fuels is expected to fall from that following the 2021 energy crisis but still be higher than the one in the year 2019<sup>32</sup>, which maintains the need for the Government to provide energy at an affordable price. With this in mind, the Action will alleviate on a temporary basis the pressure caused by such energy price turmoil, which will allow the Government to increase its negotiating capacity and diversify its suppliers.

### 3.5. Intervention Logic

The underlying intervention logic for this action is that if the activities of the Energy Vulnerability Fund are supported, and energy prices continue to rise, while a great part of Moldova's population is unable to afford high energy bills, then the NECAP will continue to be relevant, and therefore adopted for the third time. Funds

<sup>31</sup> The risk (category) can be related 1-to the external environment; 2-to planning, processes and systems; 3-to people and the organisation; 4-to legality and regularity aspects; 5-to communication and information.

<sup>32</sup> International Energy Agency. <https://www.iea.org/countries/moldova>

will be transferred in order to pay the energy bills of vulnerable end users, who in turn, will continue to benefit from basic public services such as electricity and heating. They will receive practical solutions on how to save energy through an increased awareness of how upgraded household electrical equipment can save energy, money, and mitigate greenhouse emissions.

In order to achieve the abovementioned outputs, continuous policy dialogue and technical support to the relevant public authorities will take place as well as close co-ordination with international partners, business community and civil society organisations. The EU-Moldova High Level Dialogue on Energy is an important element in supporting this goal, alongside with the work of the relevant bodies under the EU-Moldova Association Agreement.

If the above-mentioned outputs are delivered, then socio-economic hardship, including gender inequalities, will be counteracted, though uninterrupted delivery of energy; economic growth will be sustained as low-income population will no longer be burdened by high bills, and instead, will be in a position to invest in other segments of the economy including investing in the upgrade of energy efficient electrical equipment. The NECAP 1 and 2 have already supported 968.000 households representing some 90% of the population<sup>33</sup>.

If the above-mentioned outcomes are achieved, and the existing energy crisis continues to exist, then the action will contribute to societal and state resilience in the Republic of Moldova, because the energy vulnerable population will continue to enjoy a decent standard of living, contributing to political and economic stability (business as usual scenario).

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<sup>33</sup> <https://controlezfactura.gov.md/>

### **3.6. Indicative Logical Framework Matrix**

| Results                                  | Results chain  | Indicators  | Baselines                 | Targets by the end of the contract | Sources of data                          |
|--|--|---|---------------------------|------------------------------------|--|
| <b>Indicative Impact of the Strategy</b> | To mitigate the socio-economic impact of the rising gas prices in particular on the vulnerable groups, strengthen the Government's overall capacity to deliver tailor made services to these vulnerable groups and basic services to its population, and support the long-term socio-economic recovery, energy security, and energy transition of Moldova. | Number of people with access to electricity with EU support through: (a) new access, (b) improved access (OPSYS core indicator) | 560.000 households (2023) | 90.000 additional houses by 2025   | Ministry of Labour and Social Protection |

|   |  |   |   |   |   |
|---|--|---|---|---|---|
| <p><b>Expected Outcomes of the Strategy</b></p> | <p>1. Counteracted socio-economic hardship, with a special focus on vulnerable groups in the context of the energy crisis</p> <p>2. Sustained post-COVID-19 socio-economic recovery and economic growth by providing support to vulnerable groups to cope with the combined negative effects of the military aggression in Ukraine, rise in energy prices and the COVID-19 crisis</p> <p>3. Supported Moldova's long-term objective of energy transformation with steps towards increasing energy security and energy efficiency</p> | <p>1. Number of persons with access to gender sensitive and inclusive social protection provided with support of EU-funded intervention (disaggregated by sex, age, population group, location - urban/rural)</p> <p>2. Social protection expenditure as percentage of GDP (OPSYS core indicator)</p> <p>3. Energy savings as a result of energy efficiency measures at the annual level (OPSYS core indicator) (Gigawatt hour (gWh))</p> | <ul style="list-style-type: none"> <li>• Number of consumers benefitted 830.000 (2023)</li> <li>• 180 € Million in energy bill subsidies (2023)</li> <li>• SAIDI (2022)<sup>34</sup> - 140 minutes (RedNord)</li> <li>• 150 minutes (Premier Energy)</li> </ul> | <ul style="list-style-type: none"> <li>• 415.000 additional consumers benefited by 2025</li> <li>• 143 € Million in energy bill subsidies by 2025</li> </ul> <p>Avoid SAIDI increase by more than 20% by 2025</p> | <p>Ministry of Labour and Social Protection<sup>35</sup></p> <p>Ministry of Finance</p> <p>National Bureau of Statistics<sup>36</sup></p> <p>The National Authority for Energy Regulations<sup>37</sup></p> |
|---|--|---|---|---|---|

<sup>34</sup> System Average Interruption Duration Index (SAIDI)

<sup>35</sup> [https://statistica.gov.md/en/the-population-of-the-republic-of-moldova-at-the-time-12\\_896.html](https://statistica.gov.md/en/the-population-of-the-republic-of-moldova-at-the-time-12_896.html)

<sup>36</sup> [https://statistica.gov.md/en/statistical-portrait-of-women-and-men-in-the-republic-of-moldova-9617\\_60333.html](https://statistica.gov.md/en/statistical-portrait-of-women-and-men-in-the-republic-of-moldova-9617_60333.html)

<sup>37</sup> <https://www.anre.md/raport-de-activitate-3-10>

|                        |   |   |   |  |   |
|------------------------|---|---|---|--|---|
| <b>Induced Outputs</b> | 1.1 NECAP-3 adopted with measures to support the socially vulnerable population are put in place.   | 1.1 Number of gender sensitive plans/strategies on recovery and reconstruction/anticipatory recovery planning measures/recovery frameworks/disaster preparedness plans/contingency plans developed with support from the EU-funded intervention                         | <ul style="list-style-type: none"> <li>• The National Energy Crisis Action Plan - (NECAP Version II - 2022-2023)</li> </ul> | <ul style="list-style-type: none"> <li>• The National Energy Crisis Action Plan (NECAP version III) is adopted.</li> </ul> | Ministry of Energy  |
|                        | 2.1 Steps taken to design measures to sustain gender-inclusive socio-economic recovery and fight poverty including management of sector's basic public services and rights ensured. | 2.1 Number of people directly benefiting from EU supported gender inclusive/sensitive interventions that aim to reduce social and economic inequality (OPSYS core indicator) (disaggregated by sex, age, population group, location - urban/rural)                      | <ul style="list-style-type: none"> <li>• 830.000 energy highly vulnerable consumers (2023)</li> </ul>                       | <ul style="list-style-type: none"> <li>• Additional 415.000 energy highly vulnerable consumers by 2025</li> </ul>          | Ministry of Labour and Social Protection<br>National Bureau of Statistics |
|                        | 3.1 Steps to support Moldova's long-term energy security and energy transition are taken, including increased energy efficiency awareness.  | 3.1 Number of people reached through awareness raising campaigns, implemented with support of the EU-funded intervention, about e-services for social protection benefit application and delivery (disaggregated by sex, age, population group, location - urban/rural) | <ul style="list-style-type: none"> <li>• 50.000 views (people) on website (2022)</li> </ul>                                 | <ul style="list-style-type: none"> <li>• 100.000 views (people) on website views by 2025</li> </ul>                        | Ministry of Labour and Social Protection                                  |

|                       |       |   |       |   |  |  |  |
|-----------------------|-------|---|-------|---|--|--|--|
| <b>Direct Outputs</b> | 1.1.1 | Funds transferred for energy crisis mitigation available in order to alleviate the financial burden on the vulnerable groups.   | 1.1.1 | Percentage of supported projects that has received lenders' financial backing (contributions to the Energy Vulnerability Fund)                              | <ul style="list-style-type: none"> <li>• 56% contributions to EVF from other donors (2022)</li> </ul>  | <ul style="list-style-type: none"> <li>• 5% additional contributions to EVF from other donors by 2025</li> </ul>                         | National Bureau of Statistics            |
|                       | 2.1.1 | Reduced energy bills to vulnerable end users ensured in order to increase predictability of measures for job creation, employability and sustainable economic growth. | 2.1.1 | Number of households (HHs) reporting new income sources thanks to support of the EU-funded intervention (OPSYS core indicator)                              | <ul style="list-style-type: none"> <li>• Utility expenditure subsidised: <ul style="list-style-type: none"> <li>- 14% rural</li> <li>- 16% urban</li> </ul> </li> </ul> (2021) | <ul style="list-style-type: none"> <li>• Utility expenditure to be subsidised by no more than 20% by 2025</li> </ul>                     | Ministry of Labour and Social Protection |
|                       | 3.1.1 | Activities conducive to reforms in the energy sector carried out including through awareness campaigns.   | 3.1.1 | Number of consumers reached through EU-funded awareness raising campaigns on the impact of consumption, disaggregated by sex, sector (OPSYS core indicator) | 14 videos and leaflets on energy saving education published (2023)   | <ul style="list-style-type: none"> <li>• 10 additional videos and leaflets on energy saving education to be published by 2025</li> </ul> | Government websites <sup>38</sup>        |

<sup>38</sup> <https://controlezfactura.gov.md/> and <https://compensatii.gov.md/ro>

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

In order to implement this action, it is envisaged to conclude a financing agreement with the Government of the Republic of Moldova.

### **4.2. Indicative Implementation Period**

The indicative operational implementation period of this action, during which the activities described in section 3.1 will be carried out and the corresponding contracts and agreements implemented, is 36 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

### **4.3. Implementation of the Budget Support Component**

#### **4.3.1. Rationale for the Amounts Allocated to Budget Support**

The amount allocated for the budget support component is EUR 240 million. The Fund needed EUR 250 million to support vulnerable population for the winter periods 2020-2023. EU support (EUR 135 million) has been very substantial (over 50%) and played an important role in maintaining overall stability during the energy crisis albeit ad-hoc manifestations during the last winter period. The additional EUR 105 million will help the Government continue the implementation of the National Emergency Crisis Action Plan (NECAP).

Considering the fragility caused by the turmoil of energy prices and the geopolitical upheave in Ukraine, budget support is the most appropriate aid modality to the government ensuring the delivery of vital public services the population. By channelling EUR 105 000 000.00 through the state budget, EU support strengthens the Government's capacity to build, maintain or restore its core functions, and basic social and political cohesion, in a manner that ensures respect for democracy, rule of law, human and fundamental rights and fosters inclusive long-term security and progress. In this context, the budget support component consists of four fixed tranches to be disbursed indicatively in the context of the Energy Vulnerability Fund.

#### **4.3.2. Criteria for Disbursement of Budget Support**

##### a) Conditions.

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the National Emergency Crisis Action Plan (NECAP), specifically NECAP 3, and continued credibility and relevance thereof or of the subsequent policy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

The budget support component consists of four fixed tranches. The specific conditions as well as the tranches to which they apply are as follows:

- For Fixed Tranche 3: The government decision adopted by NECAP-3 should include, among others, provisions on:
  - The security of gas stocks for winter 2023-24 according to EU regulation (2022/1032).. In the case of Moldova, such stocks will be safeguarded in neighbouring countries. Steps to further strengthen security of electricity supply.
  - The continuous operationality of the Energy Vulnerability Fund: Fine-tuning the requirements of this Fund and focusing on the most vulnerable consumers, while creating safeguards to avoid irregularities.
  - Measures for a mechanism to finance residential energy efficiency initiatives.
- For Fixed Tranche 4: A Government decision establishing, among others, residential energy efficiency support measures according to Directive (EU) 2018/2002 on energy efficiency.

b) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

### 4.3.3. Budget Support Details

The budget support component consists of four fixed tranches.

The following disbursement calendar and profile proposed for the action is indicative.

| <b>Disbursements</b>   | <b>Amount<br/>EUR million</b> | <b>Indicative Date<br/>(to be disbursed)</b> |
|------------------------|-------------------------------|--|
| <b>Fixed tranche 1</b> | 60                            | Paid in December 2021                        |
| <b>Fixed tranche 2</b> | 75                            | Paid in August 2022                          |
| <b>Fixed tranche 3</b> | 70                            | Q3 2023                                      |
| <b>Fixed tranche 4</b> | 35                            | Q4 2023                                      |
| <b>Total</b>           | 240                           |  |

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Moldovan Lei will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

#### 4.4. Indicative Budget

| Indicative Budget components            | EU contribution<br>(amount in EUR) |               |   |
|---|------------------------------------|---------------|---|
|   | 2021                               | 2022          | 2023  |
| <b>Budget support</b> - cf. section 4.3 | 60 000 000.00                      | 75 000 000.00 | 105 000 000.00<br>(70 000 000.00 for<br>Fixed Tranche 3; 35<br>000 000.00 for Fixed<br>Tranche 4) |
| <b>Total</b>                            | 60 000 000.00                      | 75 000 000.00 | 105 000 000.00  |

#### 4.5. Organisational Set-up and Responsibilities

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action. The indicative Moldovan authorities involved in the implementation of the Action will include: the Office of Prime Minister, the Ministry of Labour and Social Protection, the Ministry of Energy, the National Agency for Energy Regulation of the Republic of Moldova, the Energy Efficiency Agency, and the Ministry of Finance.

### 5. PERFORMANCE MEASUREMENT

#### 5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the partner's strategy, policy or reform action plan list.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

The government will coordinate and monitor the development of the above-mentioned actions and policies, including possible necessary reviews. The responsible agency for each objective and measure will be in charge of developing sectoral performance-based action plans with further specified outcomes, outputs, Key Performance Indicators (KPIs) and budgets based on the evidence-based policy and the budgeting principles of the government of Moldova. Close monitoring of the situation will be performed in coordination with the IMF and other partners such as the EBRD, the EIB and the World Bank.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows: The assessment of performance

indicators may require carrying out external reviews or data verification exercises to contribute to strengthening the policy monitoring framework and national statistical systems.

## **5.2. Evaluation**

Given the emergency situation, by which this budget support is expected to mitigate, evaluation is not planned.

The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders. In case an evaluation is not planned, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join.

The Commission shall inform the implementing partner at least 60 days in advance of the dates envisaged for the evaluation exercise and missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

## **5.3. Audit and Verifications**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## **6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY**

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [\*Communicating and raising EU visibility: Guidance for external actions\*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

Government institutions, as well as private sector entities mandated to execute the sector Strategy<sup>39</sup> are expected to communicate progress made in sector Strategy execution made due to the budgetary support provided by this Action, irrespective of how the Government allocates budgetary resources disbursed by the Action.

Communication efforts by the Government must be coordinated with the EU Delegation in the context of this Action. The disbursement of the fixed tranches would be accompanied by appropriate communication and visibility. Communication efforts may include, among others, media campaigns, briefing journalists, and holding public events. Communication messages should be kept simple and catchy (e.g. story-telling such as testimonials from vulnerable consumers who benefited from energy subsidies due to the support from this Action).

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<sup>39</sup> Moldelectrica, Moldovagas, Energocom, ANRE