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ANNEX

to the Commission Implementing Decision on the annual action plan in favour of the Republic of Moldova for 2023

Action Document for EU4 Moldova Integration and Stability

ANNUAL ACTION PLAN

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

1. SYNOPSIS

1.1. Action Summary Table

1. Title	EU4 Moldova Integration and Stability
OPSYS	Annual action plan in favour of the Republic of Moldova for 2023
Basic Act	OPSYS business reference: NDICI-GEO-NEAR/2023/ACT-61828
	ABAC Commitment level 1 number: JAD.1166320
	Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Economic and	Yes
Investment Plan (EIP)	ii. Energy; iii. Environment and climate resilience; v. Economic development; vi. Human Development (incl. human capital and youth) viii. Migration and mobility; ix. Agriculture, food security and rural development; x. Rule of law, governance and public administration reform
EIP Flagship	Yes
3. Team Europe Initiative	No
4. Beneficiar(y)/(ies) of the action	The action shall be carried out in the Republic of Moldova
5. Programming document	Multiannual Indicative Programme (MIP) 2021-2027 for the Republic of Moldova ¹
6. Link with relevant MIP(s) objectives/expected results	Priority area 1: Resilient sustainable and integrated economy Priority area 2: Accountable institutions, the rule of law and security Priority area 3: Environment and climate resilience Priority area 5: Resilient, gender equal, fair and inclusive societies

 $^{^1}$ Commission implementing decision of 29/06/2022 adopting a multiannual indicative programme for the Republic of Moldova for the period 2021-2027 - C(2022) 4323 final

7. Priority Area(s), sectors		PRIORITY AREAS AND SEC	TOR INFORM	ATION				
152 Conflict, Peace & Security 160 Other social infrastructure and Services 231 Energy Policy 330 Trade policies and regulations	•	311 Agriculture						
160 Other social infrastructure and Services 231 Energy Policy 330 Trade policies and regulations	sectors	151 Government & Civil Society-	general					
8. Sustainable Development Goals (SDGs) Main SDG (1 only): GOAL 17: Partnerships to achieve the Goal Other significant SDGs: GOAL 1: No Poverty GOAL 5: Gender Equality GOAL 7: Affordable and Clean Energy GOAL 10: Reduced Inequality GOAL 12: Responsible Consumption and Production GOAL 13: Climate Action GOAL 15: Life on Land GOAL 16: Peace and Justice Strong Institutions 9. DAC code(s) 31100 - Agricultural development - 32% 1511 - Government & Civil Society-general - 29% 15111 Public finance management (PFM) 15130 Legal and judicial development 15142 Macroeconomic policy 15153 Media and free flow of information 15190 Facilitation of orderly, safe, regular and responsible migr mobility 15210 - Security system management and reform - 19% 16070 - Labour rights 5% 23183 - Energy conservation and demand-side efficiency - 10% 33110 - Trade policy and administrative management 5% 10. Main Delivery Channel 11. Targets Migration Climate Social inclusion and Human Development		152 Conflict, Peace & Security						
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Channel 11. Targets □ Social inclusion and Human Development	10. Main Delivery	42000 – European Commission						
☑ Climate☐ Social inclusion and Human Development								
☐ Social inclusion and Human Development	11. Targets							
⊠ Gender			evelopment					
□ Biodiversity		☐ Biodiversity						
		☐ Human Rights, Democracy and	l Governance					
		General policy objective	Not targeted	_	Principal objective			

	Participation development/good governance				
	Aid to environment		\boxtimes		
	Gender equality and women's and girl's empowerment		\boxtimes		
	Reproductive, maternal, newborn and child health	\boxtimes			
	Disaster Risk Reduction				
	Inclusion of persons with Disabilities	\boxtimes			
	Nutrition	\boxtimes			
	RIO Convention markers	Not targeted	Signifi objecti		Principal objective
	Biological diversity	\boxtimes			
	Combat desertification	\boxtimes			
	Climate change mitigation	\boxtimes			
	Climate change adaptation				
13. Internal markers and Tags	Policy objectives	Not targeted Signific objective			Principal objective
	EIP		\boxtimes		
	EIP Flagship	YES			NO
		\boxtimes			
	Tags	YES			NO
	transport				
	energy	\boxtimes			
	environment, climate resilience	\boxtimes			
	digital				\boxtimes
	economic development (incl. private sector, trade and macroeconomic support)				
	human development (incl. human capital and youth)	\boxtimes			
	health resilience				\boxtimes
	migration and mobility	\boxtimes			
	agriculture, food security and rural development	\boxtimes			
	rule of law, governance and public administration reform				

	other				\boxtimes		
	Digitalisation						
	Tags	YES			NO		
	digital connectivity				\boxtimes		
	digital governance				\boxtimes		
	digital entrepreneurship				\boxtimes		
	digital skills/literacy				\boxtimes		
	digital services				\boxtimes		
	Connectivity						
	Tags	YES			NO		
	digital connectivity				\boxtimes		
	energy				\boxtimes		
	transport			\boxtimes			
	health						
	education and research				\boxtimes		
	Migration		\boxtimes				
	Reduction of Inequalities				\boxtimes		
	COVID-19						
	BUDGET INFOR	MATION					
14. Amounts	Budget line(s) (article, item): 14.0	20111 Eastern N	Veighbour	hood			
concerned	Total estimated cost: EUR 31 000 000						
	Total amount of EU budget contri	bution EUR 31 (000 000				
MANAGEMENT AND IMPLEMENTATION							
15. Implementation	Direct management through:	LEWIENTATI	ION				
modalities	- Grants						
(management mode	- Grants - Twinning grants						
and delivery	- Procurement						
methods)	Indirect management with the e	entities (identifie	d or) to b	e selecte	ed in accordance		
	with the criteria set out in section	4.3.3					

1.2. Summary of the Action

The action **EU4 Moldova Integration and Stability** (Annual Action Plan 2023) will support resilience, recovery and reform in the Republic of Moldova in line with the Association Agenda 2021-2027 and Moldova's European Union accession process, with a specific focus on good governance, security and stability, inclusive socio-economic development fostering resilience and climate change adaptation. It will also build on the guiding principles embedded within the Joint Communication to the European Parliament

and the Council "Elements for an EU-wide strategic framework to support security reform"², and main priorities defined in the EU Security Union Strategy 2020³.

The Annual Action Plan (AAP) 2023 focuses on three priorities. Firstly, it aims at responding to the immediate and long-term needs in the security and migration sector. Secondly, it will considerably step up the implementation of the Economic and Investment Plan (EIP) and its flagship initiative 'Supporting an innovative and competitive economy' (flagship 1) in the agri-food sector. Thirdly, the programme will support the Republic of Moldova on its path towards EU accession, including the 9 steps outlined in the Commission's Opinion on the Republic of Moldova's application for membership of the European Union⁴.

The three specific objectives of this Action are:

- 1. National capacities to better address security threats and migratory challenges are enhanced.
- 2. The sustainability and competitiveness of the agricultural sector are reinforced, contributing to farmers' increased resilience to external shocks and crisis, including climate change.
- 3. Reforms in the areas of Public Finance Management, justice, competition, energy efficiency, labour are adopted in line with the EU *acquis* and International Labour Organisation (ILO) standards and media supported.

The three specific objectives are in line with the Joint Communication "The Eastern Partnership policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for all" on the future of the Eastern Partnership⁵ as well as the policy targets of the Joint Staff Working Document 'Recovery, resilience and reform: post 2020 Eastern Partnership priorities'.

It also contributes to the Economic Recovery Plan for Moldova⁷ objective of socio-economic sustainable recovery and to foster the green and digital transition as well as to leverage structural reforms, particularly on the rule of law, justice reform and anti-corruption.

The Action is aligned with the National Development Strategy "European Moldova 2030"⁸, the EU-Republic of Moldova Multiannual Indicative Programme (MIP) 2021-2027⁹ as well as the Support Package for the Republic of Moldova announced on 31 May 2023 by President von der Leyen¹⁰.

Sustainable Development Goals targeted are 1, 5, 7, 8, 10, 12, 13, 15, 16 and 17.

1.3. Beneficiar(y)/(ies) of the action

The Action shall be carried out in the Republic of Moldova which is included in the list of ODA recipients.

⁴ COM(2022) 406 final

² Council conclusions on EU-wide strategic framework to support Security Sector Reform (SSR), 13998/16

³ COM(2020) 605 final

⁵ JOIN(2020) 7 final

⁶ Joint Staff Working Document – Recovery, resilience and reform: post 2020 Eastern partnership priorities – SWD(2021) 186 final

⁻ https://www.eeas.europa.eu/sites/default/files/swd 2021 186 f1 joint staff working paper en v2 p1 1356457 0.pdf

⁷European Commission announces an Economic Recovery Plan for the Republic of Moldova, 02/06/2021, https://ec.europa.eu/commission/presscorner/detail/en/IP 21 2712

⁸ https://www.legis.md/cautare/getResults?doc_id=134582&lang=ro

⁹ Commission implementing decision of 29/06/2022 adopting a multiannual indicative programme for the Republic of Moldova for the period 2021-2027 - C(2022) 4323

The EU presents a Support Package for the Republic of Moldova, 28/06/2023, https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3562

2. RATIONALE

2.1. Context

The Republic of Moldova is a small country (33.850 km²) located between Ukraine and Romania, with an estimated 2.6 million inhabitants.

The Moldovan National Bureau of Statistics reported for 2021 that 24.5% of the population live in absolute poverty (24.7% for women and 24.3% for men¹¹), a decrease of 0.7 percentage points compared to 2019 (25.2%). More than 22% of the population work in the informal economy (27.9% for men and 17.1% for women), and poverty affects mostly young people with low educational achievements and people from rural areas.

The Republic of Moldova and its citizens have suffered multiple crises in the past years. Following the COVID-19 pandemic and the draught year of 2020 and after positive signs of recovery in 2021, the year 2022 was marked above all by Russia's war of aggression against Ukraine and its impact on the Republic of Moldova. In addition to the substantial inflow of refugees into the Republic of Moldova (with over 905,000 arrivals from Ukraine since the beginning of the war, out of whom 115,000 have remained in the Republic of Moldova), the country faced a severe energy crisis which quadrupled prices (especially natural gas and electricity) between the end of 2021 and 2022.

Russia's war of aggression against Ukraine is impacting minorities and the most vulnerable, including women, especially those facing intersectional discrimination in specific ways and is exacerbating pre-existing inequalities. Women and girls are particularly at risk during humanitarian and displacement crises, as they continue disproportionately to be the victims of discrimination based on gender norms and gender-based violence.¹³

The inflation rate in 2022 reached 30.2%, with a peak of 34.62% in October 2022, which heavily affected the living standards of the population, especially of vulnerable groups. The Republic of Moldova's GDP decreased by 5.9% in 2022, with a mild recovery expected in 2023 (2% growth expected)¹⁴.

High energy prices, interrupted transport routes and supply chains as well as altered trade relations with traditional eastern partners after Russia's war of aggression against Ukraine directly impacted business competitiveness, depleted earnings and investment appetite. Additionally, a cautious approach by foreign investors and highly qualified specialists is being observed fearing a possible expansion of an armed conflict further into the region.

In this challenging context, the Republic of Moldova expressed its strong commitment to become part of the European Union. Based on its application for EU membership, the European Commission presented its Opinion¹⁵ and the Republic of Moldova was granted EU candidate status in June 2022¹⁶.

The agricultural sector of the Republic of Moldova remains of particular importance for the economy of the country: it contributes to 13.5% of the Gross Domestic Product (GDP)¹⁷, but employs 21.5% of the total labour

https://statbank.statistica.md/PxWeb/pxweb/en/40%20Statistica%20economica/40%20Statistica%20economica 13%20CNT C NT210 Resurse/CNT210050.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

¹¹ Statistical portrait of women and men in the Republic of Moldova. https://statistica.gov.md/ro/portretul-statistic-al-femeilor-si-barbatilor-in-republica-moldova-9617_60333.html

¹² Official statistical data on absolute poverty measures <a href="http://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_04%20NIV_NIV070/NIV070100.px/table/tableViewLayout1/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

¹³ The impact of the war against Ukraine on women. European Parliament resolution of 5 May 2022 on the impact of the war against Ukraine on women (2022/2633(RSP)). https://www.europarl.europa.eu/doceo/document/TA-9-2022-0206 EN.html

Iinternational Monetary Fund (IMF), IMF DataMapper, consulted on 08/09/2023: https://www.imf.org/external/datamapper/NGDP RPCH@WEO/MDA?year=2023

¹⁵ COM(2022) 406 'Commission Opinion on the Republic of Moldova's application for membership of the European Union

¹⁶ European Council meeting (23 and 24 June 2022) – Conclusions: <u>2022-06-2324-euco-conclusions-en.pdf</u> (europa.eu)

¹⁷ Production volume by economic activities, CAEM Rev.2, 2014-2021

force (25.4% for men and 17.1% for women) in 2021¹⁸ and accounts for nearly half of the total exports of goods. Agricultural land covers some 2 129 000 hectares with the vast majority of farm holdings (71%) owning less than 1 hectare and over 85% producing predominantly for own consumption. Employment opportunities with adequate salaries are scarce and jobs outside of agriculture are rare in rural areas – non-agricultural activity accounts for only 5% of income in rural areas, while social benefits account for a quarter. Income from migration and remittances¹⁹ remain significant and youth unemployment is high: in 2021, the rate of young people (15-29) not in education, employment and training amounted to 25%. Net migration remains negative: In 2022, with 43 000 more people left the country than entered²⁰. The number of female headed agricultural holders is steadily rising towards the older age groups. In all age groups, the share of men is considerably higher than that of women, with the exception of the oldest group (65 and above) where women outnumber men. Less than 20% of the total holders have acquired an agricultural education of any kind. A gender gap can be seen in access to vocational education: while both shares are low, only 6% of female graduates participated in vocational education compared to 12% of men. In higher education the gender gap is minimal, less than one percentage point.²¹

A significant proportion of the Moldovan population is highly vulnerable to further increases in gas, electricity and food prices. Most families in the Republic of Moldova, or about 680 000 (60% of families²²), heat themselves in winter with wood or coal. Another 285 000, with natural gas, and about 165 000 have central heating.²³ In 2022, for the consumption of food products, the urban population spent 36.0% of the monthly consumption expenses, and the rural population – 46.4%. For the consumption of housing, water, electricity and gas, the urban population spent 14.6% of the monthly consumption expenses, and the rural population – 18.1%.²⁴

The Republic of Moldova shares a 1222 km border with Ukraine.²⁵ Since 24 February 2022 (Russian invasion of Ukraine), all Border Crossing Points (BCPs) on the Transnistrian segment of the Moldova-Ukraine border are closed.

The Action aims to continue supporting the Republic of Moldova's reform agenda in the security and migration areas that require particular attention due to the current increased security threats. This action aims to complement ongoing efforts and focus on increasing human and operational capacities in public security, public order, the fight against organised crime, including but not limited to human trafficking and securing borders.

¹⁸

¹⁸ Employed population by economic activities, level of education, age groups, sex and area, 2014-2022 http://statbank.statistica.md/PxWeb/pxweb/en/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MU_N_01020/MUN120200.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

¹⁹ Remittances remain a significant source for household budgets and represented 12.5% in 2021, being much larger in rural areas. The volume of money transfers in Moldova through banks in favour of individuals in 2022 was 1 745.74 million dollars, increasing by 133.91 million dollars (+8.3%) compared to 2021.

Moldova in figures: Statistical summary edition 2023 / National Bureau of Statistics of the Republic of Moldova; https://statistica.gov.md/files/files/publicatii_electronice/Moldova_in_cifre/2023/Moldova_cifre_eng_2023.pdf

²¹ 2021 Country Gender Profile and Country Level Implementation Plan - Republic of Moldova https://www.eeas.europa.eu/delegations/moldova/2021-country-gender-profile-and-country-level-implementation-plan-republic en?s=223

https://www.jurnal.md/ro/news/09a796dfadfa58dd/cum-ne-vom-incalzi-in-sezonul-rece-ionita-mi-e-frica-sa-ma-gandesc-vom-nenoroci-tot-ce-inseamna-padurile-pentru-moldova.html

²³ https://realitatea.md/informatii-care-te-pot-afecta-emotional-cat-ii-va-costa-pe-moldoveni-in-aceasta-iarna-incalzirea/

²⁴ Consumption expenditures of population by purpose of expenditures and area, 2019-2022 http://statbank.statistica.md/PxWeb/pxweb/en/30%20Statistica%20sociala/30%20Statistica%20sociala_04%20NIV_NIV020/N IV020200.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

²⁵ The republic of Moldova shares 1,885 km borders with its two neighbouring countries, with Romania: 683 km, and with Ukraine: 1202 km.

According to a public opinion survey published in July 2023, 59.2% of the Moldovan citizens support the Republic of Moldova's accession to the EU.²⁶ Despite of the overall positive public attitude, citizens remain vulnerable to fragmented or subjective information about the EU due to high susceptibility of the population to Russian-led disinformation campaigns. This indicates a clear need for a greater EU support to strengthen societal resilience against disinformation, including through capacity building of sustainable and mature independent media, support for quality local content production, information literacy, and human rights.

The Republic of Moldova is a net importer of energy, being able to meet only 24% of its primary energy needs. Such a high dependence on imported energy resources makes the country's economy vulnerable to any disruption in energy supply or fluctuations in energy prices, implying a high degree of unpredictability in the future. At the same time, the Republic of Moldova has one of the lowest GDP per capita in Europe, leading to a low tolerance for price increases on international markets and significant energy imports. The energy security of supply was among the lowest in Europe also due to the limited number of supply routes for electricity and gas, imports being able to be done only for eastern sources. Until October 2021, Gazprom was the only supplier of gas. Efforts have been made by the Republic of Moldova with EU support in order to diversify the supply routes, mainly by construction of a new gas interconnector with Romania, reverse flow of gas on the TransBalkan gas pipeline T1 and synchronous interconnection with Continental Grid of ENTSO-E on 16 March 2022. All these allowed the country to reduce the dependence on Gazprom on gas and Eastern electricity suppliers, but high prices on international electricity and gas markets affected the vulnerable domestic consumers.

Since 2021, the EU has significantly increased its resources and mobilised a wide range of instruments in support of the Republic of Moldova with particular attention to energy security, namely by mobilising EUR 135 million in budget support addressing rising energy costs as well as the severe impact of Russia's war of aggression against Ukraine. An additional EUR 105 million in support of the Energy Vulnerability Reduction Fund (EVF) through a State and Resilience Building Contract (SRBC) and further support for the Residential Energy Efficiency Fund for adopting energy efficient measures in its residential sector are under preparation.

The EU also began providing macro-financial assistance (MFA) to Moldova in 2022 as part of a EUR 150 million operation of which EUR 100 million has been disbursed. An additional EUR 145 million will be made available following the approval of the co-legislators. This MFA support includes energy sector reform conditions to improve energy security. The EU mobilised 36 generators from the 'rescEU' stockpiles of the Union Civil Protection Mechanism, as part of the overall EUR 13.6 million civil protection assistance channelled to Moldova so far, which has included also shelter capacities, medical equipment, COVID-19 vaccines and facilitated the medical evacuation of Ukrainian patients. Additionally, since the beginning of Russia's war of aggression against Ukraine, the EU has allocated over EUR 48 million in humanitarian assistance to Moldova (EUR 38 million in 2022 and EUR 10 million in 2023 so far) to support both Ukraine refugees and the local families hosting them.

The Annual Action Plan 2023 is complementary to the AAPs 2021 and 2022 in its contribution to the economic recovery and resilience as well as governance reforms.

An independent judiciary working in line with democratic and professional standards is not only essential to ensure that all state institutions abide by the law and that women and men have access to justice and can exercise their rights fully, but also for international cooperation and much needed economic development. The Commission's Opinion on the Republic of Moldova's application for membership of the European Union²⁷ recognises that the Republic of Moldova has launched a series of judicial reforms aimed at strengthening the independence, efficiency, and effectiveness of the judiciary. The Republic of Moldova has illustrated a genuine commitment to reduce the level of corruption in the justice sector.

²⁶ Institute for European Policies and Reforms (IPRE), "Opinion poll: 59.2% of the Moldovan citizens support Moldova's accession to the European Union", published 11 July 2023, https://ipre.md/2023/07/11/sondaj-de-opinie-592-dintre-cetateni-sustin-aderarea-republicii-moldova-la-uniunea-europeana/?lang=en

²⁷COM(2022) 406 'Commission Opinion on the Republic of Moldova's application for membership of the European Union

2.2. Problem Analysis

Priority area 1: Enhance national capacities to better address security threats and migratory challenges

Due to its geographical location, the Republic of Moldova has a key role in addressing the increasing organised crime related activities and security threats originating from Russia's unjustified war of aggression against Ukraine. Domestically, the government did not only further adapt its institutions, strategic framework and legislation with the EU *acquis* (on organised crime, border management, migration/asylum, public order) but also adjusted them to the new context in which its law enforcement is operating²⁸, while enhancing cooperation with the EU. In addition to welcoming over 905,000 refugees who fled Ukraine in the aftermath of Russia's war of aggression against Ukraine²⁹, out of which more than 100 000 remained in Moldova (the highest number of refugees per capita in Europe), the Republic of Moldova fostered its international cooperation to prevent and counter organised crime (drugs, arms, cyber, trafficking in human beings, migrant smuggling) as well as increased its border management response, closely with the relevant EU actors: namely the European Border Assistance Mission to Moldova and Ukraine (EUBAM), Frontex³⁰, Europol, CEPOL as well as Eurojust.

These sustained reform efforts reflect the European path given to the Republic of Moldova in June 2022 on the understanding that reforms are made in a number of areas. These include the fight against corruption, strengthening the rule of law and progress on justice reform in line with European standards, as well as reinforcing the fight against organised crime and promoting further integrated border management, among others.

Beside the continuous efforts, the Ministry of Internal Affairs needs further support to meet the EU standards as well as to cope with the immediate threats posed by the fast evolving and deteriorating security environment in which the Moldovan law enforcement agencies are operating. The government still suffers from numerous challenges and remains underequipped, both in terms of human resources as well as equipment. The EU will support the modernisation process of the Ministry of Internal Affairs through the implementation of its home affairs strategy, its commitments toward "the 9 steps" outlined in the Commission's Opinion³¹ and to align further with the EU *acquis*. The proposed action will also ensure coherence with the national security strategy (to be adopted in 2023), in close cooperation and complementarity with all existing coordination initiatives including the Support Hub for Internal Security and Border Management in Moldova, the Moldova Support Platform (in particular the working group on effective border management) and the Solidarity Lanes Initiative, as well as EU actors and the EU Partnership Mission – EUPM Moldova set up under the common security and defence policy (CSDP). Furthermore, the Action will contribute where relevant to the implementation of the recommendations of the Hybrid Risk Survey conducted with the Republic of Moldova. Synergies will also be sought and ensured with the broader donor community's support to the Republic of Moldova.

This will reinforce the performance of relevant Moldovan stakeholders in the fight against serious/organised crime and the ability of the Republic of Moldova to engage in cross border law enforcement cooperation, including but not limited to the framework of the European Multi-disciplinary Platform against Criminal Threats (EMPACT) in which the Republic of Moldova is an active participant (Output 1.1). It will also strengthen border management, including the facilitation of migratory movements, refugees, asylum seekers, and the prevention of irregular migration (Output 1.2).

The main stakeholders are all relevant Moldovan authorities involved in migration and internal security matters, in particular, but not limited to: the Ministry of Internal Affairs and its subordinated directorates/services in its modernisation process and efforts in aligning with the EU *acquis*, namely: Police

²⁸ Available at the following address, https://mai.gov.md/ro/node/7122, consulted on 15 May 2023

²⁹ UNHCR data available at the following address, https://data.unhcr.org/en/dataviz/248?sv=0&geo=680, consulted on 25 August 2023.

³⁰ The Republic of Moldova and Frontex signed a status agreement in 2022. A joint operation was launched the same year and was renewed in January 2023 for a year.

³¹ COM(2022) 406 'Commission Opinion on the Republic of Moldova's application for membership of the European Union

(General Police Inspectorate), Border Police (Border Police Inspectorate), General Carabineer Inspectorate, and the General Inspectorate for Migration. It could also involve the Information Technology Service, Service for Internal Protection and General Inspectorate for Emergency Situations, National Anticorruption Center; Prosecutor's Office, Police Academy "Stefan cel Mare", Customs services and State Intelligence service. The action will also involve the civil society and the Ministry of Labour and Social Protection.

Priority area 2: Sustainable and competitive agricultural sector with increased farmers' resilience to external shocks and crisis, including climate change

Agriculture is one of the most widespread economic activities in the Republic of Moldova and has a crucial role in food production, environmental protection, landscape preservation, rural employment and food security. The outbreak of the war against neighbouring Ukraine has highly affected the Republic of Moldova's agri-food sector, a key sector of the Republic of Moldova's economy, trade and employment. Besides losing traditional 'eastern' export markets (Russia, Ukraine, Belarus), transport and production costs (fuel and energy, prices of agricultural inputs such as fertilizer and plant protection products) have multiplied, significantly affecting farming gross margins and posing a risk to the competitiveness of Moldovan farmers and thus raising consumer food prices. Fertilizer and seed supply was temporarily interrupted due to long time dependency on Ukrainian imports to the Republic of Moldova. Small producers and small and medium-sized enterprises (SMEs) with limited savings or access to finance were hit the hardest. Securing and increasing domestic food production and its productive base (a vast majority are small producers), while substituting prewar imports (e.g. meat, dairy, seeds) has since gained importance in the development strategy of the agricultural sector.

Women play a significant role in the Republic of Moldova's agriculture as farmers, workers and entrepreneurs, yet generally they face more constraints than men in accessing agricultural assets, inputs and services. Due to their lower access to productive resources and opportunities in agriculture, holdings managed by women produce less. Addressing this gap between women and men, would lead to significant benefits for rural families and for the whole society by increasing agricultural productivity, reducing poverty and promoting equitable economic growth.³²

The Republic of Moldova's vulnerability to climate change is an immediate threat to domestic agricultural production: over the last 20 years, 7 years of devastating droughts (2000, 2003, 2007, 2012, 2015, 2020, 2022) affected around 75 % of the country's territory, with 2016 and 2020 being the hottest years in the history of national weather observations. The Republic of Moldova increasingly suffers from climate extremes such as late spring frosts, hail, excessively high temperatures and extreme sunshine, early autumn (October) and late spring frosts, heavy rain and flooding. This has caused a significant decrease in agricultural productivity, overall product quality and more frequent incidence of pests and diseases. In order to mitigate the consequences of the 2020 draught and late spring frosts during the 2020 production season, the Government allocated MDL 300 million (approximately EUR 15 million) to the National Fund for Agriculture and Rural Development and the Government Intervention Fund to partly compensate harvest losses of farmers.

Fertile soils increasingly degrade due to the shrinking areas of protective forest strips and depletion of natural water catchment areas, uncontrolled grazing, unsustainable agricultural practices and methods of crop cultivation, and are hence much more sensitive to the influence of drought. Inadequate irrigation practices further reduce the productive capacity of soils, cause erosion or salination.

In response to recurrent droughts, irrigation development is being promoted³³, although it is increasingly constrained by its high investment and operational costs (e.g. energy costs for pumping), limited/reduced surface water availability (decreasing river and ground water levels) and water use dissension with Ukraine (e.g. hydropower), as well as poor ground water quality in certain areas. It is estimated that only 10% from the approximately 300,000ha of irrigation during Soviet times could be developed and used for irrigation today. A 40% reduction in river flow levels due to climate change is forecasted to occur until 2050 (World Bank 'Outlook of the water sector'). Meanwhile, 2020 and 2022 post draught cross assessments field observations have shown that alternative soil and water conservation and sustainable production practices are proving cost-effective in mitigating losses.

At the same time, crop heat and water stress increase the occurrence of pests and diseases, leading to unsustainable practices such as increasing application of plant protection products and chemical fertilizer (at increased prices and short supply since the start of Russia's war of aggression against Ukraine), impacting on natural resources, health and food quality. The availability of quality seed (locally produced/adapted and draught resistant) and integrated pest- and disease management methods remain limited. Input markets, extension, and agricultural advisory services for farmers as well as research and innovation capacities are poorly developed and hamper the promotion of climate smart and sustainable practises, despite it being an area for new and extended entrepreneurial activities. Unsustainable agricultural practices, such as increased irrigation in a context of short water supply and increased use of chemical fertilisers and plant protection products in order to address output decline, not only diminish farmers' ability to adapt to climate change ("maladaptation"), they also tend to increase greenhouse gas emissions stemming from agriculture.

Additional financial incentives, facilitating initial and supplementary investments, and increased market integration, especially of small producers, is required to foster 'green innovation', enhance economic viability and business competitiveness, towards building more sustainable food systems in the Republic of Moldova.

A strong disconnect between national policies and strategies and implementation and enforcement capacities on sub-national level (e.g. no presence of agricultural state extension or advisory services) persists. The low degree of sector/farmer organisation, often a result of mistrust and 'inappropriate' representation of members by the management, remains a limiting factor for service provision and enhancing a more active role or cooperatives and sector associations in the short and medium term.

The promotion of climate- and nature-sensitive agricultural practices and conservation agriculture techniques should be coupled with technology and innovation attractive to youth, notably young women, decent work, demonstrating economic benefits and addressing low labour availability in rural areas. Creating institutional partnerships and networking opportunities between education and research institutions in-country with other institutions in the region increases the sustainability of project support in the medium and longer term.

Access to finance for small agricultural producers and SMEs is not only constrained by the limited availability of tailor-made financial products considering seasonality of farming, collateral requirements etc., but demands needs to be established through the promotion of new technologies and support for the formulation of good proposals (incl. financial literacy) in close cooperation with the potential beneficiaries.

The National Strategy for Agriculture and Rural Development 2023-2030 and the National Food Security Strategy 2023-2030 promote a sustainable and competitive agricultural sector. However, a deficient interinstitutional cooperation, limited institutional and technical capacities (including research and development, lack of extension and advisory service) and investment facilitation remain limited considering required investments and reform needs towards a green transition, in line with the European Green Deal³⁴, Farm to Fork³⁵ and 2030 EU Biodiversity strategies. As indicated in the country's second Nationally Determined

³³ For example with financing from the World Bank, the International Fund for Agricultural Development (IFAD), AFD and South Korea.

³⁴ COM(2019) 640 'Communication from the Commission on the European Green Deal'

³⁵ COM(2020) 381 'Communication from the Commission on a Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system'

Contribution, a national agriculture climate change adaptation plan is being elaborated, inter-institutional cooperation will be essential, including on local level and with an active role of the business community directing their investments into adapted technologies and practices.

The main stakeholders are:

- The Ministry of Agriculture and Food Industry (MAFI) and respective agencies, and notably the Agricultural Intervention and Payments Agency (AIPA) in cooperation with other line ministries, the Ministry of Environment (and the Global Environmental Fund (GEF)), Ministry of Economic Development and Digitalisation, Ministry of Health;
- The National Food Safety Agency (ANSA);
- National research institutes;
- Universities and technical vocational education and training institutions;
- Agricultural producers, producer groups, cooperatives, associations and federations;
- Food business operators, input suppliers, traders and service providers;
- Civil society organisations, platforms and networks, including the National Rural Community Development Network;
- Development partners and agencies of EU member states, UN agencies, the World Bank group, USAID, Swiss Development Cooperation, development banks and financial institutions.

Furthermore, synergies shall be established with other highly relevant and complementary development partner interventions, including the 'Emergency support for agricultural producers in the context of the socioeconomic and energy crisis' (funded by the UN, Switzerland and Austria) or the 'Rural Resilience Project' of the International Fund for Agriculture Development or the 'Agriculture Governance, Growth and Resilience Investment Project' funded by the World Bank, among others.

Priority area 3: European Integration

The Republic of Moldova is working on the implementation of the EU-integration reforms, underpinned by the strong political commitment of its government. The EU supports the Republic of Moldova's reform process that is at the core of the Association Agreement³⁶ and the candidate country status granted in June 2022. The EU relationship with the Republic of Moldova is based on the principle of conditionality and respect for the rule of law and democratic standards and delivering concrete benefits for the citizens of the Republic of Moldova, as outlined in the Multiannual Indicative Programme 2021-2027 for the Republic of Moldova³⁷.

However, institutional capacities require additional reinforcement for the implementation of the Association Agreement / Deep and Comprehensive Free Trade Area (AA/DCFTA) and further reforms are needed in view of the enlargement process. Therefore, a number of additional support measures are foreseen to support national authorities elaborate, deliver and communicate on reforms in the areas of Public Finance Management, justice, competition, energy efficiency, labour and media to address the commitments towards the '9 steps' outlined in the Commission's opinion, to align to the EU *acquis*, and to participate in the Economic Reform Programme from 2024 onwards.

The European integration facility under Pillar 3 of this Action will finance support measures encompassing policy dialogue, public diplomacy activities, capacity building, technical preparation and any support to facilitate the Team Europe coordination at country level. The action will also finance approximation to the EU legislation and technical standards through technical assistance and exchange of public expertise and

³⁶ Association Agreement between the European Union the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part of 30.08.2014 – I. 260/4 - https://eurlex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22014A0830(01)

³⁷ Commission implementing decision of 29.06.2022 adopting a multiannual indicative programme for the Republic of Moldova for the period 2021-2027 - C(2022) 4323 final

cooperation with the EU agencies. It will support the implementation and evaluation of the EU's cooperation, including via technical assistance.

The main stakeholders are: Prime Minister's office, Ministry of Foreign Affairs and European Integration, Ministry of Finance, Ministry of Labour and Social Protection, Ministry of Justice, Court of Accounts, Relevant Parliamentary Committees, State Chancellery, Centre for Legal Approximation.

Public Finance Management: The government's reform agenda in the area of Public Finance Management is outlined in the newly developed Multiannual Public Finance Management reform programme adopted in February 2023³⁸ following the successful delivery of several international assessments, including the EU financed Public Expenditure and Financial Accountability (PEFA) assessment. This reform programme is relevant and credible: it covers all relevant aspects of Public Finance Management and its implementation will significantly contribute to the Republic of Moldova's prospects of EU integration given that the Public Finance Management reforms is part of enlargement fundamentals cluster. The government has shown clear commitment to the reform in the sector and organised the first ever Public Finance Management Policy Dialogue in Chisinau in May 2023.

The PEFA 2021 evaluation provides the Government with an objective and up-to-date diagnosis of the performance of public finance management at national and local level, as well as information on the degree to which the public finance management system addresses the Government's objectives in terms of recognizing the different needs of men and women and of these categories subgroups and the promotion of gender equality based on an internationally recognised methodology. Gender-sensitive public finance management can address specific gender needs and reduce gender gaps between sectors.³⁹ Starting with the FY2022 budget, the Ministry of Finance integrated a gender perspective into the Budget Call Circulars and will further include in the Ministry of Finance order no.209/2015 on the approval of the "Methodological set on elaboration, approval, and modification of the budget".⁴⁰

However, given the complexity of the reforms the government will require continuous technical support and guidance. This is particularly relevant for the National Public Sector Accounting Standards (NPSAS) that have not been yet fully developed. A Council for Accounting Standards in the public sector was created in December 2015 to this end and alignment with International Public Sector Accounting Standards (IPSAS), but due to the need for technical expertise and lack of capacity in particular in the Ministry of Finance the reform has been on hold. The development and implementation of national accounting standards in the public sector will contribute to increasing the transparency of the use of budget funds and providing complex reports to interested parties. The Republic of Moldova has also applied to participate in the European Reform Programme exercise in the next reporting period which will require the development of macro-fiscal and structural reform measures, their appropriate costing and connection with the Mid-Term Budgetary Framework, budgeting process and macroeconomic forecasting. Lastly, progress on reforms in Public Finance Management related to participation in the Economic Reform Programme is relatively difficult to communicate to the general public and relevant stakeholders. Therefore, the government would benefit from further support in elaborating communication strategies on main undertaken reforms.

Key stakeholders are: Ministry of Finance, the Ministry of Economic Development and Digitalisation, Ministry of Labour and Social Policy, Court of Accounts, civil society organisations and academia.

³⁸ Government Decision no.71/2023 regarding the approval of the Public Finance Management Development Strategy for the years 2023-2030

³⁹ Government Decision no.71/2023 regarding the approval of the Public Finance Management Development Strategy for the years 2023-2030

⁴⁰ Public Expenditure and Financial Accountability (PEFA) including gender responsive public financial management assessment, July 2022, https://www.pefa.org/node/4990

Justice: Since 2009, the Republic of Moldova has undergone a series of judicial reforms aimed at strengthening the independence, efficiency, and effectiveness of the judiciary. Justice reforms are a priority for the current government. The Republic of Moldova has recently adopted a comprehensive Strategy for Ensuring the Independence and Integrity of the Justice Sector 2022-2025 and a corresponding Action Plan. The constitutional and legal framework for the judiciary has been brought to a large extent in line with European standards. Law enforcement and judicial structures have been consolidated.

The Superior Council of Magistracy (the High Judicial Council) and the Superior Council of Prosecutors (the High Prosecutorial Council) are responsible for the self-government of the judiciary. The constitutional and legislative framework in principle guarantee the independence of the judiciary and its impartiality. In practice, the integrity, independence and accountability of the judiciary need to be significantly improved.

Constitutional amendments regarding the functioning of the judiciary entered into force in April 2022. The amendments significantly improve the legal framework concerning the independence, accountability, and efficiency of the judiciary and judicial administration, in accordance with recommendations from the Council of Europe. In particular, the amendments bring the composition of the Superior Council of Magistracy in line with European standards by excluding ex-officio membership and revising the appointment process of Superior Council of Magistracy lay members. This strengthens the role of the President in the appointment of judges, regulating the functional immunity of judges at the constitutional level, and changing the appointment procedure of judges of the Supreme Court of Justice to reduce the risk of politicisation.

The EU provides financial and technical support for the ongoing reforms. Continued assistance in this area is needed, including support to ensure alignment with European standards, which is crucial for the successful and sustainable implementation of the reform.

The key stakeholders are the Ministry of Justice and its Court Administration Agency, the Superior Council of Magistracy, the Superior Council of Prosecutors, the General Prosecutor's Office, the Constitutional Court, and the National Institute of Justice.

Competition: the fourth step of the European Commission's Opinion on the application for EU membership submitted by the Republic of Moldova, is to "implement the commitment to de-oligarchisation' by eliminating the excessive influence of vested interests in economic, political, and public life". In the Action Plan presented by the Moldovan Government as a response to the 9 steps, a key role is assigned to the Competition Council. Despite the progress registered by the Competition Council in several sectors, such as the adoption of sectoral regulations for various forms of state aid, its institutional capacities should be further strengthened, including by taking advantage of the new competition tools on digital platforms and markets aimed at strengthening the enforcement of competition rules.

The main stakeholders are: Competition Council, Ministry of Economic Development and Digitalisation.

Labour: There is a need to strengthen the capacities of the State Labour Inspectorate to conduct efficient inspections in line with ILO Convention 81 on labour inspections and to combat the phenomenon of undeclared work. The Law 355/2022 introduced new powers for the State Labour Inspectorate, including the right to conduct unannounced visits in the areas of undeclared work, under-declared work, human trafficking and labour exploitation. The modifications entered into force in March 2023. The law also returned to the Inspectorate the right to apply sanctions directly (without the need to transfer the case to Court) for cases of undeclared work and under-declared work. This amendment will enter into force in July 2023. In order to better document and address the phenomenon of child labour in the Republic of Moldova a new Child Protection programme for the period 2022-2026 was approved.

In 2022, the State Labour Inspectorate carried out 3212 inspections in the field of labour and occupational safety and health. The inspections recorded 22,918 violations. At the same time, the detection rate for undeclared work is extremely low. The Inspectorate detected 82 cases of undeclared work in 2022 (80 in

2021), the lowest numbers in the last 12 years and an insignificant share of the estimated 192,000 informal workers in the Republic of Moldova. The Inspectorate is currently undergoing a structural reform with a view to improving its efficiency, effectiveness and transparency. Therefore, external support and expertise and exchanges of best practices are crucial for the successful implementation of the reform.

In May 2022, the EU4GenderEquality Helpdesk together with State Labour Inspectorate organized a Round Table "Non-discrimination and gender equality at the working place". Following the discussions held on current gaps in national legislation, recommendations for further aligning the legislation of the Republic of Moldova with ILO/EU standards were presented. At the same time, the EU4GenderEquality Helpdesk organized a Training on decent working conditions and a safe working environment, including non-discrimination and gender equality dimension, for representatives of the State Labour Inspectorate, as well as the labour inspectors from the regions of the Republic of Moldova. The majority of trainees have acknowledged the importance of integration of the principles of decent work into national legislation. Moreover, the majority of trainees have expressed their agreement with the statement that the control and supervision responsibilities of the State Labour Inspectorate should also include compliance with labour legislation on ensuring non-discrimination and equal opportunities for men and women in the workplace. All the recommendations from the round table and suggestions from the training were incorporated into the Analytical Study "Compliance of national legislation with ILO/EU standards in terms of non-discrimination and gender equality at the working place".

The main stakeholders are: State Labour Inspectorate, Ministry of Labour and Social Protection.

Energy efficiency: Energy efficiency is the cornerstone of addressing energy security and energy poverty concerns in the Republic of Moldova. To strengthen energy security in a systematic manner, further actions on energy efficiency in residential buildings should be implemented. Improving energy efficiency of residential buildings is an absolute priority and a low hanging fruit as the residential sector accounts for 49% of final energy consumption. There are almost 12,000 residential multi-apartment buildings and almost 900,000 single family buildings in the Republic of Moldova. It was estimated by the Ministry for Infrastructure and Regional Development that at least 70% of the housing stock requires deep renovation. On average, buildings in the Republic of Moldova consume 2-3 times more energy than average in the EU Members States with similar climate conditions. This inefficiency leads to excessive dependence on imports of energy carriers (especially natural gas) and poses a heavy burden on the overall economic competitiveness and impacts very negatively energy security of the Republic of Moldova.

The Republic of Moldova never had any dedicated policy measure to support energy efficiency investments in the residential sector. At the same time, the cost-effective potential for energy savings in the residential buildings is much higher than in the EU. Experience from the implementation of energy efficiency measures in the residential buildings in Ukraine, where similar construction standards used to be applied, show that with relatively simple investments the energy demand of such buildings can be reduced even by 50-70% while comfort of living and health conditions in these buildings improve significantly.

Therefore, a solid instrument for supporting thermal renovations of residential buildings is required. The challenge was highlighted by the European Commission's Analytical Report following the Opinion Moldova's application for EU membership: "Moldova's main challenges include the lack of financing for energy efficiency measures in the residential sector (including in multi-apartment blocks), delays in introducing energy auditing obligations for big companies, the approval of a long-term buildings stock financing strategy and its implementation, as well as implementation of energy efficiency measures in the transport sector"⁴¹.

To ensure proper implementation of energy efficiency projects, it is also necessary to strengthen the capacity of institutions dealing with the energy sector, as stated in the European Commission's Analytical Report

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⁴¹ SWD(2023) 32 final

following the Opinion Moldova's application for EU membership: "Moldova has achieved some level of preparation in the area of energy policy. Further alignment with the EU acquis and its implementation needs to improve across all sectors and institutional capacity needs to increase" ⁴².

On this aspect, the Parliament of the Republic of Moldova adopted amendments to Law 139/2018 on energy efficiency on 12 May 2023. The amendments transpose Directive (EU) 2018/2002 on energy efficiency, provide for the revision of the functions of the Energy Efficiency Agency and introduce provisions to support energy efficiency improvements in the residential sector.

Thus, in anticipation of the creation of the residential Energy Efficiency Fund, technical assistance to enable its launch is required. In particular, the focus will be on the financial setup assistance, governance of the Fund, market development, strengthening capacity of key stakeholders, communication and legal assistance.

The main stakeholders are: Ministry of Energy, Energy Efficiency Agency (soon to be reformed), residential households, local banks from the Republic of Moldova.

Support for the media and resilience to disinformation: the Republic of Moldova has a pluralistic media environment and is moderately prepared in the area of freedom of expression. In April 2023, the international organisation Reporters without Borders (RSF) placed the Republic of Moldova on 28th place out of 180 monitored countries in the classification of freedom of the press⁴³, which is a better result compared to previous years.

Although national legislation contains provisions to prevent the concentration of media and to ensure the transparency of media ownership, the Audiovisual Council needs to enhance efforts to implement this. To ensure compliance with the European Media Act, the Audiovisual Media Services Code needs adjustments to make sure the board of the public broadcaster is less dependent on political choice of the Parliament. While the Government is taking steps to address disinformation in the media space, the spread by online media remains a problem. In an attempt to limit Russian disinformation, in December 2022 the Commission for Exceptional Situations has ordered the suspension of six TV stations that used to rebroadcast content from Russia. Several attempts of intimidation and harassment of journalists have been reported in 2022, primarily in Gagauzia, as noted by the Independent Journalism Centre.

Overall, aspects related to strategic communication, support for the media, and countering disinformation are not historically the focus of the Republic of Moldova's national policies and strategies and need more prioritisation. The key national stakeholders for strategic communication and the development of the media sector are the local independent media outlets and start-ups, civil society including non-governmental organisations. Also, the EU Partnership Mission to the Republic of Moldova (EUPM) will contribute to the positive development in this sector by providing strategic advice on tackling disinformation and Foreign Information Manipulation and Interference (FIMI), as well as to the newly created (July 2023) 'National Center for Strategic Communication and Combatting Disinformation Centre' of the Republic of Moldova.

The main stakeholders: Audiovisual Council, Center for Strategic Communication and Combatting Disinformation, Media and Civil Society Organisations working to combat disinformation, national and local media outlets.

2.3. Lessons Learned

This intervention builds on complementarities with past and ongoing actions, lessons learned and identified good practices of EU-funded programmes or other development partner's initiatives. In response to the multiple crises and challenges (COVID-19, energy, Russia's war of aggression against Ukraine and resulting refugee crisis) as well as its efforts in aligning further with the EU *acquis*, a large number of development and

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⁴² SWD(2023) 32 final

⁴³ https://rsf.org/en/index

humanitarian partners have mobilised substantial financial resources for the Republic of Moldova. Additional partners are in the process of establishing their presence in the country. This has increased the complexity to coordinate support even further, especially considering the limited human resources and development of national systems. Inter-ministerial cooperation, avoiding overlapping and conflicting mandates, needs to be enhanced to allow the Government to assume an active leading function to respond to its short-, medium- and long-term priorities.

Technical and institutional capacities are constrained and do not match reform ambitions: public administration employment packages remain much less attractive compared with international agencies, civil society and private sector opportunities, resulting in high vacancy rates and staff turnover. Technical expertise, especially on the EU *acquis*, requires additional reinforcement. Compensation of these shortfalls through short term external technical expertise risks to create dependency, without building institutional capacities in the medium term.

The Government's institutional capacity is particularly limited on the sub-national, regional and local levels, hence partnerships with development agencies and partners and quality engagement of civil society and community-based organisations, with an active involvement of youth and women, are often essential for the implementation of concrete actions in the territory, adapted to local needs.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The **Overall Objective/Impact** of this action is to enhance state and societal resilience and socio-economic recovery, with a particular focus on security and stability, climate change adaptation of the agri-food sector and EU integration.

The **Specific Objectives (Outcomes)** of this action are:

- 1. National capacities to better address security threats and migratory challenges are enhanced.
- 2. The sustainability and competitiveness of the agricultural sector are reinforced, contributing to farmers' resilience to external shocks and crisis, including climate change.
- 3. Reforms in the areas of Public Finance Management, justice, competition, energy efficiency, labour are adopted in line with the EU *acquis* and ILO standards and media supported.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are: Contributing to Outcome 1 (or Specific Objective 1):

- 1.1 The capacities of relevant Moldovan stakeholders to fight against serious/organised crime is strengthened, as well as their capacity to engage in cross border law enforcement cooperation, including in the framework of EMPACT.
- 1.2 Technical and operational capacities to perform integrated border management and protection of public spaces in line with international standards are strengthened.

Contributing to Outcome 2 (or Specific Objective 2):

- 2.1 Farmers' knowledge and skills in sustainable, climate- and nature-smart agriculture practices and technologies are increased.
- 2.2 Availability of and access to sustainable, climate- and nature-smart technologies and services are improved.
- 2.3 Market integration of agricultural producers and agri-food Micro Small and Medium Enterprises (MSMEs), including women-owned MSMEs, is strengthened.
- 2.4 Policy, regulatory framework and institutional capacities for the transition towards sustainable food systems are strengthened.

Contributing to Outcome 3 (or Specific Objective 3):

- 3.1 Public Finance Management sector reforms are supported and communicated to the public, including enhancing the ability of the institutions to participate and communicate on the Economic Reform Programme exercise.
- 3.2 Justice reforms are supported to strengthen the independence, integrity, accountability and professionalism across the justice sector at all relevant levels.
- 3.3 The capacity and efficiency of the Competition Council to conduct effective investigations is strengthened.
- 3.4 The capacity of the State Labour Inspectorate to conduct inspections in line with ILO standards is strengthened and labour and social reforms in line with the EU *acquis* are adopted.
- 3.5 Support to media on public awareness on EU accession is increased.
- 3.6 Technical assistance to establish the Residential Energy Efficiency Fund is provided.

3.2. Indicative Activities

Enhance national capacities to better address security threats and migratory challenges

Activities related to Output 1.1 'organised crime':

Through the provision of expert advice, analysis, peer review exercises, field activities, training and equipment, infrastructure, tools and techniques, indicative activities intend to:

- Strengthen human resource capacities, support managerial reform process and improve inter-agency coordination;
- Provide technical assistance in the alignment process with the EU *acquis* (legislative, institutional and at operational level);
- In complementarity of Moldova's participation in EMPACT, consolidation of police capacities and abilities in the fight against crime, especially organised crime, all form of violence (including genderbased violence and sexual exploitation and abuse), trafficking in human beings, migrants smuggling, wildlife trafficking, environmental crimes, arms smuggling and counterfeiting, giving a focus on mobile units and joint investigation teams;
- Increase forensic and digital forensic capacities to improve the quality and quantity of evidence presented to prosecutors and courts;
- Develop integrated IT systems for incident reporting, planning, and analysis based on unitary data models at the level of the Ministry of Internal Affairs;
- Strengthen intelligence led policing resources to monitor, analyse, share and intervene;
- Continuation of improvement of efficient Law enforcement intervention capacities, including through the support for digitalisation, while promoting personal data protection to the highest standards;
- Improve intervention capacities to respond to any type of situation while continuing ensuring public order and safety;
- Monitor the implementation of national strategies, "the 9 steps" and efforts in aligning with the EU *acquis*.

The indicative activities shall ensure the synergy and complementarity with other EU funded and other donors' actions as well as with existing coordinating mechanisms, including EU humanitarian aid, the Union Civil Protection Mechanism and the EU Support Hub for Internal Security and Border Management in the Republic of Moldova, as well as the European Partnership Mission to the Republic of Moldova.

Activities related to Output 1.2 'border management':

Through the provision of expert advice, analysis, peer review exercises, field activities, training and equipment, infrastructure, tools and techniques, indicative activities intend to:

- Strengthen human resource capacities, support managerial reform process and improve inter-agency coordination:

- Provide technical assistance in the alignment process with the EU *acquis* (legislative, institutional and at operational level);
- Consolidation of Law enforcement capacities and abilities in the fight against crime, especially
 organised crime, all form of violence (including gender-based violence and sexual exploitation and
 abuse), including trafficking in human beings, cyber-related crime, migrants smuggling,
 environmental crime, including wildlife trafficking, arms smuggling and counterfeiting, giving a focus
 on mobile units and joint investigation teams;
- Strengthen intelligence led policing resources to monitor, analyse, share and intervene
- Continuation of improvement of efficient border management intervention capacities, including through the support for digitalisation, while promoting personal data protection to the highest standards (that could include biometric-based identity management);
- Improve intervention capacities to respond to any type of situation while continuing to ensure public order and safety;
- Develop the infrastructure of border crossing points to facilitate trade and movement of people while preventing cross-border crime and corruption;
- Support the continuous monitoring of the situation at the border crossing points, areas and along the green border in order to ensure public order, fight against organised and cross border crime;
- Strengthen capacity to facilitate legitimate border crossings, to prevent and detect illegal immigration and cross-border crime and to effectively manage migratory movements;
- Monitor and support the implementation of national strategies, including those related to integrated border management, EU accession related reforms and efforts in aligning with the EU *acquis*.

The indicative activities shall ensure the synergy and complementarity with other EU funded and other donor's actions as well as with existing coordinating mechanisms, including EU humanitarian aid, the Union Civil Protection Mechanism and the EU Support Hub for Internal Security and Border Management in the Republic of Moldova and the EU Partnership Mission in the Republic of Moldova (EUPM).

Reinforce the sustainability and competitiveness of the agricultural sector, contributing to farmers' resilience to external shocks and crisis, including climate change

Activities will follow a multi-dimensional approach to foster farmers' awareness and demand for nature-based solutions on one side, while increasing availability of supplies and services on the other. Furthermore, financial incentives and increased market integration of producers should strengthen economic viability and business competitiveness, facilitating initial and supplementary investments. Finally, an improvement of the policy and regulatory framework, control and enforcement capacities, strengthening of research and innovation, extension and advisory services is required.

Climate- and nature-smart agriculture practices and technologies will decrease the impact of the agri-food sector on environmental and climate degradation and improve the sector's resilience to extreme events. They will foster soil and water conservation and land improvement, with special attention to agro-ecological practices, the development of the seed sector (with locally adapted and drought resistant varieties etc.) and integrated pest- and disease management (especially biological pest control) as a business. Measures shall also increase producers independence on external/imported inputs (chemical fertilizers, synthetic plant protection products) through enhancing domestic production, storage, value addition and practises as crop-livestock integration etc.), foster innovation and seize market opportunities. Agro-ecology, silvopastoralism and landscape approaches, for example restoration of catchment areas through afforestation, water harvesting, and retention may be integrated into the action.

The activities under Outcome 2 will considerably step up the implementation of the Economic and Investment Plan (EIP) and its flagship initiative 'Supporting an innovative and competitive economy' (flagship 1) in the agri-food sector.

Specific activities may include, among others:

Activities related to Output 2.1 'Farmers' knowledge and skills':

- Support research institutes, specialised education institutions, agricultural information and advisory services (including farmer organisations) to deliver quality advisory and extension services for farmers with small and medium sized agricultural holdings especially on innovative climate-relevant farming practices, carbon farming, agro-ecology, nature-based solutions.
- Enable knowledge sharing and experience exchange to promote innovative climate-relevant technologies and good/best practises amongst producers e.g. digital solutions for pest detection, fertilization, robotics, monitoring and prevention of extreme weather events: organise farmer field days, on-farm demonstrations, pioneer farms, exchange visits, trade fair participation, production of information and promotion material.
- Encourage different forms of collaboration and knowledge flows on climate smart agriculture across the agricultural value chain (inter-branch networking, producers organizations POs, associations of producer organisations (APOs) and inter-branch organisations (IBOs).

Activities related to Output 2.2 'Availability and access to sustainable, climate and nature-smart technologies and services':

- Organise supplier fairs and demonstrations as well as field exchange visits and study tours (the Republic of Moldova, the EU, Western Balkans and Eastern neighbourhood region) bringing together suppliers and producers, producer organisations (POs), associations of producer organisations (APOs) and inter-branch organisations (IBOs).
- Organise trainings and public events targeting farmers' organisations and farmers directly promoting carbon farming, agro-ecology practices and nature-based solutions and their advantages both in terms of climate change mitigation/adaptation and ecosystem services.
- Foster research capacities and production of foundation and basic seeds: facilitate cooperation agreements between research institutions for joint research activities, exchange of genetic material (variety research, plant breeding), procurement of equipment and tools (seed production, multiplication, testing), strengthen cooperation with the private sector breeders, with a view to rolling out crops that are resilient to extreme weather events and minimise the amount of water and chemical inputs:
- Support organisation of field adaptation trials (testing resilient to droughts, frost, salinity, pests and diseases), demonstration plots and farmer-field days showcasing new technologies and practices (seed varieties etc.) at Research, Education and Extension Centres (e.g. *Porumbene, Selectia*, Centres of Excellence);
- Provide information sessions and trainings to increase capacities for seed multiplication, certification and marketing, with a special attention on entrepreneurs and/or farmer groups and business incubation.
- Support organisation of research field trials of innovative technologies, practices and products and dissemination of results;
- Identify and promote financing sources and opportunities for climate-smart agriculture production technologies and practices to farmers (with special attention to small/family farmers, vulnerable groups, women entrepreneurship);
- Support MSMEs development, including women-owned MSMEs;
- Provide (matching) grant funding to farmers and MSMEs in application and promotion of sustainable practises and products (including small infrastructure developments, procurement of equipment and supplies).

Activities related to Output 2.3 'Market integration':

- Promote producer organisation, post-harvest handling and processing, reduction of food waste, circular economy, product quality and standard compliance, certification etc. through provision of services (market analysis, product branding and certification, innovation, and technology advice etc.), (matching) grant funding, B2B exchanges, trade and technology fair participation, among others;
- Support women's economic empowerment through support of women's agricultural businesses; support extending incentives to individuals and employers, and to different institutions to encourage greater women's participation in economic activities;
- Conduct an assessment on feasibility and conditions for agricultural insurance products, develop and roll out a pilot.

Activities related to Output 2.4 'Policy, regulatory framework and institutional capacities':

- Development capacities for climate change impact assessment (damage and loss assessments), early warning and forecasting, including market price monitoring of key commodities and use of internal market measures (in view of the EU Common Market Intervention mechanisms), agricultural data and statistics (e.g. contribution to an Agricultural census, surveys and assessments);
- Strengthening law enforcement capacities, state controls and analytical capacities, especially inspection (revision of inspection protocols/procedures, training of inspectors) and laboratory testing capacities;
- Procurement of equipment for state reference laboratories and to conduct reference tests;
- Provide technical assistance/advice to the Ministry of Agriculture and Food Industry, Ministry of Environment and Ministry of Health and relevant sub-delegated agencies and control bodies; trainings, study tours, IT services and equipment/digitalisation services.

European Integration

Activities and respective support measures will include policy dialogue, public diplomacy activities, capacity building and provision of technical expertise (including through Twinning contracts) for reinforcing country systems in line with the EU best practices and standards, support to facilitate Team Europe coordination at the country level as well as the implementation and evaluation of the EU cooperation. This will also include targeted support to increase visibility of the EU and to improve public knowledge on the benefits of EU accession through capacity building of independent media to ensure quality content production and building public resilience to disinformation.

Activities related to Output 3.1 'Public Finance Management':

- Providing assistance in the planning of the reforms according to the national sectoral strategy and international best practices where possible including greening and climate-responsiveness of PFM;
- Providing expertise in operationalising the national strategy;
- Providing expertise on communicating the progress of the reforms;
- Helping in delivering legal solutions and costing and budgeting of structural and macro-fiscal measures related to the Economic Reform Programme, complementary to multi-beneficiary assistance in those areas.

Activities related to Output 3.2 'independence and accountability of the justice sector':

- Analysis and legislative reviews;
- Drafting support of legal and policy documents;
- Support to the ongoing and planned integrity checks of candidates / extraordinary evaluation of members of the judiciary and prosecution and/or candidates;
- Support to existing and new court structures;
- Support for the secondment of a Liaison Prosecutor to Eurojust;
- Information and visibility events to communicate results.

Activities related to Output 3.3 'Competition Council':

- Strengthening capacities to conduct effective investigations in the sectors such as media, energy, petroleum products, public procurements, digital platforms and electronic commerce, pharmaceutical products and medical devices;
- Draft a new performance indicators and evaluation system to be proposed for adoption;
- Promote the transposition of relevant international mechanisms and existing frameworks to reduce the negative impact of "persons" with substantial influence over the markets;
- Development of training programmes in specific areas of activity, as investigation of abusive practices by dominant undertakings, state aid, cartels, economic concentrations;
- Establishing an internal system for identifying and solving causes of inefficiencies of investigative processes within the Council;
- Promote the implementation of ISO standard on anti-corruption (ISO 37001);
- Improve the cooperation with the judiciary and other institutions.

Activities related to Output 3.4 'Labour reforms and State Labour Inspectorate':

- Providing technical assistance for the alignment of national legislation with ILO standards on labour inspections and the EU *acquis*, including as regards non-discrimination and gender equality in employment and occupation;
- Providing expertise in developing new policies for combating undeclared work;
- Development and conducting of trainings on efficient inspections on undeclared work, occupational safety and health and other relevant sectors;
- Establishing an internal system for performance management, quality control and anticorruption.

Activities related to Output 3.5 'Support for the media':

- Provide grant funding to media civil society organisations to mobilise technical expertise for coaching and mentoring of journalists, conduct trainings, procurement of technical equipment and software and to deliver core support to independent media in order to sustain their operation;
- Produce quality content (campaigns, materials) on the EU accession and EU assistance;
- Improve gender sensitivity of reporting, notably making sure that media reporting is free from gender stereotypes;
- Conduct media literacy campaigns and initiatives to build public resilience to disinformation.

Activities related to Output 3.6 'energy efficiency':

- Provide technical assistance on financial and legal issues related to the management of the Multi-Donor Trust Fund (MDTF) as the instrument for the Residential Energy Efficiency Fund, incl. ad hoc support for legal adjustments of the legal framework governing the fund or other legislation;
- Support setting up the governance and operational rules of the Residential Energy Efficiency Fund (incl. for supporting renovations of multi-apartment buildings and single-family buildings, assistance with the recruitment of the supervisory board members and financing and risk assessment committee etc.);
- Negotiate partnerships with local banks, advise on financial products to bridge the grants that will be provided from the Fund, train relevant staff of local partners banks on working with homeowners and homeowners associations:
- Capacity building of the institution responsible for financing and implementing energy efficiency projects (EEA);
- Assist key stakeholders with market development processes, including with a training programme for energy auditors and technical designers as well as support/advice to beneficiaries (homeowners associations governance issues, dialogue with local authorities, selecting of contractors, applying for financing of energy efficiency measures etc.);

- Support communication activities and coverage by local media, including on the country-wide campaign to promote the new financing instrument and energy efficiency measures;
- Design grant scheme for the programme of the Fund.

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 no further action was required.

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 (not requiring an EIA, but for which environment aspects will be addressed during design).

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

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.

The implementation of this action will be guided by the principles and objectives of the EU Gender Action Plan III⁴⁴. A minimum share of female beneficiaries will be fixed in the indicators targets to be achieved. Data will be sex disaggregated, and impact of the Action on the status of men and women will be analysed.

The principle of gender equality and women's empowerment will be embedded in the activities related to SME, business and employment promotion, promoting female entrepreneurship, reducing the gender pay gap and women segregation in the informal economy in the agri-food sector. At the national level, only 36% of the agricultural holdings were headed by women, and 64% by men.

Human Rights

All activities included in this action will be designed and implemented in accordance with the principles of good governance, democracy and human rights. It will be based on rights-based approach taking into account the obligations of duty bearers and the rights of the child and (groups of) persons (specifically members of vulnerable groups/people living in vulnerable situations – including refugees and asylum seekers, Roma people, and people with disabilities) impacted by this Action.

The proposed action is consistent with the Human Rights Country Strategy for the Republic of Moldova and addresses concerns raised by International Treaty Bodies as well as deficiencies identified by the European Court of Human Rights of the Council of Europe. This action protects and promotes non-discrimination and equal access to all services, focusing on children and people living in vulnerable situations, especially displaced and refugees.

Creating employment and income opportunities in the agri-food sector will benefit rural communities and contribute to reducing urban-rural disparities. Income from informal activities or care work, more frequently assumed by women, do not equally provide for social benefit, pensions etc. and might lead to 'age poverty' and dependency on remittances and other family members. This action will also support the reform of the justice sector, which will have a positive effect on the human rights situation in the country.

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⁴⁴ https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final_en.pdf

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0.

Democracy

The capacity building aspects of this programme will focus on supporting and strengthening the commitment of the Moldovan government to the principles of public administration developed by the European Commission in close cooperation with the 'Support for Improvement in Governance and Management'-Initiative (SIGMA) of the Organisation for Economic Co-operation and Development (*OECD*). The action supports reforms to improve the rule of law in the country. This will in turn improve the democracy in the country.

Conflict sensitivity, peace and resilience

The 'do no harm' principle and conflict-sensitivity are embedded in the Action. Three components of the Action to concrete "benefits of peace" for the broader society which are important to support more comprehensive conflict transformation and longer- term socio-economic development and resilience. A closer attention will be given to conflict sensitivity in the priority area related to security and stability. The action supports capacity building of the security and migration sectors, including through civil society and community-based organisations. This programme intends to contribute to the extent possible to the implementation, sustainability, and institutionalisation of women, peace and security mainstreaming in the Republic of Moldova. Specifically, it aims to strengthen the capacities of key actors such as government agencies and local government units in mainstreaming women, peace and security concerns into their policies, plans and programmes.

Disaster Risk Reduction

Disaster Risk Reduction will be addressed under the Priorities 1 and 2, in full coherence with Sendai Framework: preventing, prepare and better respond to disaster, as well as to better adapt to climate change, specifically to reduce direct economic loss to the GDP derived from the agri-food sector.

3.4. Risks and Assumptions

Category	Risks	Likelihoo d (High/ Medium/	Impact (High/ Medium/ Low)	Mitigating measures
		Low)	ŕ	
People and the organisation	The Republic of Moldova does not continue in its path towards economic recovery, macro-financial stability and EU accession.	L	Н	Intense political dialogue, close support for reforms, increased financial support
People and the organisation	Limited institutional and human resource capacities of public administration to benefit from provided expertise and implement reforms	M	Н	Formalise national authorities' commitments to the modality of activities' implementation, especially mobilisation of external expertise. Concentrate activities and closely coordinate jointly (EU and MD) throughout the implementation of activities.

External environment External	Increased refugee inflow from Ukraine due to the deterioration of regional and national security Mass departure of	M	Н	Creation of response measures and preparedness of authorities to respond to threats. Activation of contingency measures and scaling-up of humanitarian assistance. Contribution to the fight against disinformation.
environment	Mass departure of Moldovan citizens to the EU Member States due to the deterioration of regional and national security.	IVI	н	Policy dialogue and public awareness Creation of response measures and preparedness of authorities to respond to threats. Contribution to the fight against disinformation.
External environment	Reduced investments by businesses (domestic and foreign) due to uncertain regional security situation and worsened investment climate (high interest rates, political instability, increased migration and labour shortages etc.)	M	Н	Monitor investment climate and mobilise co-funding opportunities to 'soften' investment costs.
Planning, processes and systems Communication and information	Weak coordination between the government and the donors, and/or between donors, leading to a duplication of efforts, and/or incompatibility of deployed means to the fast-evolving operating context.	Н	M	Mobilise the whole EU toolbox and encourage the EU MS contributions in coherence with formal and informal Team Europe initiatives with the objective to respond to the priority needs identified. Continue active engagement in Sector Coordination Platforms with Government and development partners. Align the EU contribution to national priorities and strategies.
External environment	Faster than expected climate deterioration hampering adaptation measures	М	Н	Strengthen academia and research in climate risk assessment, modelling, early warning systems. Strengthen policy discussion and coordinated action amongst development partners. Application of Environmental Impact Assessment (EIA) including Climate Risk Assessment (CRA) for relevant activities.

External Assumptions

Currently, there are no indications that the Russian aggression against Ukraine might also be extended to Moldova. However, a deterioration of the situation in Ukraine might cause additional pressures on the Moldovan government with intensified (out)migration or refugee inflow, which would require a concentration of Moldovan authorities financial and human resources to emergency measures and slow down initiated reforms.

3.5 Intervention Logic

The underlying intervention logic for this action is that:

- IF national authorities are able to better address security threats as well as migration flows (labour migration as well as mass-refugee inflow) with upgraded organisational, analytical, operational capacities in a gender-sensitive way (Specific Objective 1); AND
- IF resilience and vulnerability to external shocks (including climate change) of the agro-food sector as main pillar of the (rural) economy and guarantee of domestic food security (including 'stable' food prices) are properly addressed (Specific Objective 2); AND
- IF increased institutional and human capacities of the Government are strengthened to deliver gendersensitive socio-economic reforms, addressing the needs of their citizens showing concrete results (Specific Objective 3);

THEN societal and state resilience will be reinforced creating thus necessary conditions for a stable, inclusive, democratic, sustainable development of the Republic of Moldova, addressing the drivers of vulnerabilities, inequalities and emigration, in coherence with the EU approach to humanitarian, development and peace nexus.

3.6 Indicative Logical Framework Matrix

Results	Results chain: Main expected results [maximum 10]	Indicators [at least one indicator per expected result]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact 1	To enhance state and societal resilience and socio-economic recovery, with a particular focus on security and stability, climate change adaptation of the agrifood sector and EU integration.	Global Competitiveness Index: - Global Competitiveness ranking of the Republic of Moldova - Global Competitiveness score of the Republic of Moldova - Global Peace Index score of the Republic of Moldova	86 (2019) 56,7 (2019) 62 (2022)	68 (2026) 59 (2026) 57 (2026)	Global Competiveness Report of the World Economic Forum Global Peace Index (Report from the Institute for Economics & Peace)	Not applicable
Outcome 1	1. National capacities to better address security threats and migratory challenges are enhanced.	GERF 2.29 1.1 Number of state institutions and non-state actors supported on security, border management, countering violent extremism, conflict prevention, protection of civilian population and human rights GERF 2.21 1.2 Number of migration management or forced displacement strategies or policies (a) developed/revised, or (b) under implementation with the EU support GERF 2.22 1.3 Number of EU-funded interventions reporting improvement of compliance of	1.1 0 (2022) 1.2 0 (2022) 1.3 0 (2022)	1.1 +5 % (2026) 1.2 2 (2026) 1.3 3 (2026)	Government Decision National, civil society and project reports EU policy documents	The beneficiary institutions properly staffed and with necessary absorption capacity to receive and benefit from the proposed actions

		Border and Security Systems with the EU/Schengen Acquis				
Outcome 2	2. The sustainability and competitiveness of the agricultural sector are reinforced, contributing to farmers' increased resilience to external shocks and crisis, including climate change.	GERF 2.1 Number of smallholders reached with the EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land (the EU Framework indicator), with sex disaggregation.	2.1 0	2.1 10,000 (2027)	Project reports (incl/ attendance and participants lists)Project reports	Favourable investment climate for agrifood is maintained, no extreme weather events that undermine initial production gains/results
Outcome 3	3. Reforms in the areas of Public Finance Management, justice, competition, energy efficiency, labour and media are adopted in line with the EU <i>acquis</i> and ILO standards.	3.1 Government Effectiveness (rank)	3.1 37 (2021)	3.1 50 (2026)	Global Governance indicators (World bank)	Political will and conducive environment for reforms and their implementation; The beneficiary institutions properly staffed and with necessary absorption capacity to receive and benefit from the proposed actions
Output 1 related to Outcome 1	1.1 The capacities of relevant stakeholders to fight against serious/organised crime is strengthened, as well as their capacity to engage in cross border law enforcement	MIP SO3 i1 1.1.1: The Serious and Organised Crime: Threat Assessment methodology introduced in the EaP, number of operational actions carried out under the European Multidisciplinary Platform	1.1.1 0 (2022) 1.1.2 0 (2022)	1.1.1 + 20% (2026) 1.1.2 +20% (2026)	Government Decision National, civil society and project reports	Political will and conducive environment for reforms and implementation of sector strategies in

	cooperation, including in the framework of EMPACT	Against Criminal Threats (EMPACT), as action leader, coleader or participant; MIP SO3 b4: 1.1.2 Number of trained personnel on issues such as e.g. the use of new technologies by organised crime groups, reports on respective seizures etc. (using disaggregated data by gender and function)				security and migration
Output 2 related to Outcome 1	1.2 Technical and operational capacities to perform integrated border management and protection of public spaces in line with international standards are strengthened.	MIP So3 b1: 1.2.1 Cooperation agreements with competent law enforcement authorities signed and implemented (e.g. on Joint Control with the Ukrainian authorities) MIP SO3 a3: 1.2.2 Increased involvement in international operational cooperation (e.g. Joint Investigation Teams).	1.2.1 0 (2023) 1.2.2 0 (2023)	1.2.1 +5 % (2026) 1.2.2 +5% (2026)	Government Decision National, civil society and project reports	Political will and conducive environment for reforms and implementation of sector strategies in security and migration
Output 1 related to Outcome 2	2.1 Farmers' knowledge and skills in sustainable, climate and nature-smart agriculture practises and technologies are increased	MIP SO1 c2 Number of micro, small and medium sized enterprises applying sustainable consumption and production practices with the EU support, with sex disaggregation of their owners as relevant	2.1.1 0 (2023) 2.1.2 0 (2023)	2.1.1 tbc (2027) 2.1.2 tbc (2027)		

Output 2 related to Outcome 2	2.2 Availability and access to sustainable, climate- and nature-smart technologies and services is improved	GERF 2.2 Areas of agricultural and pastoral ecosystems where sustainable management practices have been introduced with the EU support (the EU Framework indicator); 3.2.1 Quantity of (additional) quality or certified seed produced in Moldova (t) 3.2.2 Number of additional technologies, services and products introduced/commercially available in the Republic of Moldova	3.2.1 0 (2023) 3.2.2 0 (2023)	3.2.2 40 tbc (2027)		
Output 3 related to Outcome 2	2.3 Market integration of agricultural producers and agrifood MSMEs, including womenowned MSMEs, is strengthened	2.3.1 MIP So1 a4) Number of agro-food operators with quality improvements (compliance with SPS standards) and value addition (as processing, branding, certification etc.) through the EU support 2.3.2 MIP SO1 d1) Enterprise value-added, profitability and per capita productivity rates (incl. number of enterprises certified (organic, geographic origin, etc.) and price premiums achieved), with sex disaggregation of their owners as relevant	2.3.1 0 (2023) 2.3.2 0 (2023)	150 (2026) tbc (2026)	National reports/project reports	
Output 4 related to Outcome 2	2.4 Policy, regulatory framework and institutional capacities for the	2.4.1 No. of policies or regulatory framework 0. developed 1. drafted 2. Submitted 3. Approved.	2.4.1 0 (2023) 2.4.2 0 (2023)	2.4.1 20 (2025) 2.4.2 900	National reports/project reports	

	transition towards sustainable food systems are strengthened	2.4.2 No. of people (man and women) trained, disaggregated by sector (public sector, academia, research and development)				
Output 1 related to Outcome 3	3.1 Public Finance Management sector reforms are supported and communicated to the public, including enhancing the ability of the institutions to participate and communicate on the Economic Reform Programme exercise.	3.1.1 GERF 2.19 Number of reforms supported to strengthen the Public Finance Management system.3.1.2 Number of people (men and women) trained.	3.1.1 tbc	3.1.1 Moldova is supported (2024-2025)	National reports/project reports	
			3.1.2 0 (2023)	3.1.2 5 (2025)		
Output 2 related to Outcome 3	3.2 Justice reforms are supported to strengthen the independence, integrity, accountability and professionalism across the justice sector at all relevant levels.	3.2.1 Level of Justice Strategy implemented 3.2.2 Integrity standards applied as set out, in particular in the relevant opinions of the Venice Commission and relevant Moldovan legal framework. Number of judicial actors evaluated including for these integrity standards.	3.2.1 tbc 3.2.2 tbc	3.2.1 tbc 3.2.2 tbc	Government Reports, Reports by independent local and international Civil Society Organisations, Statistics and Reports by International Organisations	There is political will and commitment towards genuine reform of the justice sector
Output 3 related to Outcome 3	3.3 The capacity and efficiency of the Competition Council to conduct effective investigations is strengthened.	3.3.1 An employee performance evaluation system implemented 3.32 Percentage of employees trained to conduct investigations in different sectors	3.3.1 0 (2023) 3.3.2 tbc (2023)	3.3.1 1 (2025) 3.3.2 70%	Annual activity report of the Competition Council,	

					Project reports	
Output 4 related to Outcome 3	3.4 The capacity of the State Labour Inspectorate to conduct inspections in line with ILO standards is strengthened and labour and social reforms in line with the EU <i>acquis</i> are adopted.	3.4.1 MIP SO 3, d1) Number of inspections (labour law and health and safety at work) performed; 3.4.2 MIP SO 3, d2) Number of inspectors trained with EU support, disaggregated by sex; MIP SO 3, d3) Number of violations sanctioned. 3.4.3 MIP SO 3, d4) Number of legal acts in line with the EU acquis on social policy and employment, including on non-discrimination and gender equality in employment and occupation enacted 3.4.4 An employee performance evaluation system implemented	3.1.1 Tbc (2023) 3.1.2 0 (2023) 3.1.3 Tbc (2023) 3.1.4 0 (2023)	3.4.3 tbc	Labour Inspectorate annual report, Project reports	
Output 5 related to Outcome 3	3.5 Support to media on public awareness on EU accession is increased.	3.5.1Number of initiatives/campaigns driven by media to raise awareness and understanding of the general public of the EU accession path for Moldova 3.5.2 % of citizens supporting EU path of the Republic of Moldova 3.5.3 Number of actions to build public resilience to disinformation	3.5.1 0 3.5.2 49% support EU accession path of the Republic of Moldova 3.5.3 0 actions	3.5.1 3 initiatives / campaigns (2025) 3.5.2 51% (2025)	EU Neighbours East Annual Survey	The political situation and developments in the country that could have no impact on the effectiveness and outcomes of the activities undertaken

				3.5.3 3 actions (2025)		
Output 6 related to Outcome 3	3.6 Technical assistance to establish the Residential Energy Efficiency Fund is provided.	3.6.1. No. of key stakeholders (people) receiving tailored-to-needs training on energy efficiency. 3.6.2. No. of households benefitting from energy efficiency pilot projects	3.6.1. tbc (2023) 3.6.2. tbc (2023)	3.6.1 tbc (2025) 3.6.2. tbc (2026)	National reports/project reports	The Energy Efficiency Agency is reformed and properly capacitated (new staff and appropriate remuneration in place). Consistent and continuous commitment from the Moldovan

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with 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 will be carried out and the corresponding contracts and agreements implemented, is 72 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 Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with the EU restrictive measures.

4.3.1 Direct Management (Grants)

4.3.1.1 Grants

a) Purpose of the grant(s)

Grants will contribute to the achievement of the Specific Objective 3, Output 3.5 'Support for the media on public awareness on EU accession is increased.'.

b) Type of applicants targeted

Grant applicants can be NGO(s) or economic operators such as media and communication agencies.

4.3.1.2 Twinning Grants

4.3.1.2.1 Twinning Grant

a) Purpose of the grant(s)

A twinning grant will contribute to the achievement of Specific Objective 3 – Output 3.3 'The capacity and efficiency of the Competition Council to conduct effective investigations is strengthened'.

b) Type of applicants targeted

Applicants must be EU Member State administrations and/or their mandated bodies.

4.3.1.2.2 Twinning grant

a) Purpose of the grant(s)

A twinning grant on strengthening the capacity of the State Labour Inspectorate to conduct controls and monitor the labour market will contribute to Specific Objective 3, Output 3.4 'The capacity of the State Labour Inspectorate to conduct inspections in line with ILO standards is strengthened and labour and social reforms in line with the EU *acquis* are adopted'.

b) Type of applicants targeted

Applicants must be EU Member State administrations and/or their mandated bodies.

4.3.2 Direct Management (Procurement)

Procurement will contribute to the achievement of the Specific Objective 3 (Outcome 3, Output 3.1) which aims at supporting Public Finance Management sector reforms as well as the ability of the institutions to participate in the Economic Reform Programme exercise.

4.3.3 Indirect Management with a pillar-assessed entity

4.3.3.1 Indirect Management with a pillar-assessed entity

A part of this action may be implemented in indirect management with a pillar assessed entity, which will be selected by the Commission services using the following criteria:

- proven knowledge and expertise, operational and technical capacities required to efficiently deliver the envisaged outputs,
- value added and synergy with ongoing EU and other development partner interventions,
- transparency,
- absence of conflict of interest.

This implementation by this entity entails to conduct the activities under Specific Objective 1, Output 1.1 'the capacities of relevant Moldovan stakeholders to fight against serious/organised crime is strengthened, as well as their capacity to engage in cross border law enforcement cooperation, including in the framework of EMPACT'.

4.3.3.2 Indirect Management with a pillar-assessed entity

A part of this action may be implemented in indirect management with a pillar assessed entity, which will be selected by the Commission services using the following criteria:

- proven knowledge and expertise, operational and technical capacities required to efficiently deliver the envisaged outputs,
- value added and synergy with ongoing EU and other development partner interventions,
- transparency,
- absence of conflict of interest,

This implementation by this entity entails to conduct the activities under Specific Objective 1, Output 1.2 'Technical and operational capacities to perform integrated border management in line with international standards are strengthened'.

4.3.3.3 Indirect Management with a pillar-assessed entity

A part of this action may be implemented in indirect management with a pillar-assessed entity, which will be selected by the Commission's services using the following criteria:

- technical expertise and proven experience in the agri-food sector,
- operational and technical capacities required to efficiently deliver the envisaged outputs,
- value added and synergy with ongoing the EU and other development partner interventions,

This implementation by this entity entails to conduct the activities under Outcome 2 'The sustainability and competitiveness of the agricultural sector is reinforced, contributing to farmers' resilience to external shocks and crisis, including climate change'.

4.3.3.4 Indirect Management with a pillar-assessed entity

A part of this action may be implemented in indirect management with the United Nations Industrial development organization (UNIDO). This implementation entails to conduct activities under Specific Objective 2, Output 2.4 'Policy, regulatory framework and institutional capacities for the transition towards sustainable food systems are strengthened', and Output 2.3 'Market integration of agricultural producers and agri-food Micro Small and Medium Enterprises (MSMEs), including women-owned MSMEs, is strengthened'.

The implementation of the action through UNIDO would provide continuity and scaling-up of the ongoing successful cooperation for strengthening the National Food Safety Agency (ANSA) and its national reference laboratories through 'Improving the standards compliance through increased national capacities for residue monitoring'. The Action contributes to the accomplishment of the 2nd General Objective of the National Agriculture and Rural Development Strategy (SNDAR) 2023-2030 "Development of the food industry and diversification of markets", and Food Security Strategy of the Republic of Moldova for 2023-2030.

The envisaged entity has been selected using the following criteria:

- proven knowledge and expertise, operational and technical capacities required to efficiently achieve the envisaged outputs, including procurement of supplies;
- value added and synergy with ongoing EU and other development partner interventions.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

4.3.3.5 Indirect Management with a pillar-assessed entity

A part of this action may be implemented in indirect management with a pillar-assessed entity, which will be selected by the Commission's services using the following criteria:

- proven knowledge and expertise in justice sector,
- a track record and the capacity to develop good working relations with local partners and
- demonstrated capacity to deliver work

This implementation by this entity entails to conduct the activities under Specific Objective 3, Output 3.2 'Justice reforms are supported to strengthen the independence, integrity, accountability and professionalism across the justice sector at all relevant levels.'

4.3.3.6 Indirect Management with a pillar-assessed entity

A part of this action may be implemented in indirect management with a pillar-assessed entity, which will be selected by the Commission's services using the following criteria:

- proven knowledge and expertise in the energy efficiency sector in the Eastern Partnership region, with a strong preference for experience in the residential sector;
- positive track record and capacity to develop good working relations with local partners and ensuring their ownership of the programme;
- demonstrated capacity to deliver on the results framework in a timely and efficient manner and bring about positive change within the constraint of time and other challenges;
- proven track record of strictly following EU rules on financial management and transparency;
- positive track record of strictly ensuring EU visibility;

This implementation by this entity entails to conduct the activities under Specific Objective 3, Output 3.6 'Technical assistance to establish the Residential Energy Efficiency Fund is provided.'.

4.3.4 Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

If the implementation modality under indirect management as defined in section 4.3.3.3 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation of the action, or that part of it, by procurements under direct management would be used according to section 4.3.2.

If the implementation modality under indirect management as defined in section 4.3.3.5 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by procurements under direct management would be used according to section 4.3.2.

If the implementation modality under indirect management as defined in section 4.3.3.6 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by grants under direct management would be used according to the following section 4.3.1.1:

(a) Subject matter of the grant(s)

Grants will contribute to the achievement of the Specific Objective 3, Output 3.6 'Technical assistance to establish the Residential Energy Efficiency Fund is provided'.

(b) Type of applicants targeted

Grant applicants can be home-owners in single-family buildings and home-owners associations in multi-apartment buildings.

If the implementation modality under direct management as defined in section 4.3.1.1 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by indirect management with a pillar-assessed entity which will be selected by the Commission's services using the following criteria:

- technical expertise and proven experience,
- operational and technical capacities required to efficiently deliver the envisaged outputs,
- value added and synergy with ongoing EU and other development partner interventions,
- independence and transparency.

4.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this Action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	
Implementation modalities – cf. section 4.3		
Outcome 1 'National capacities to better address security threats and migratory challenges are enhanced' composed of	10 000 000.00	
Indirect management with a pillar-assessed entity (Output 1.1) - cf section 4.3.3.1	6 000 000.00	
Indirect management with a pillar-assessed entity (Output 1.2) cf section 4.3.3.2	4 000 000.00	
Outcome 2 'The sustainability and competitiveness of the agricultural sector are reinforced, contributing to farmers' resilience to external shocks and crisis, including climate change' composed of	10 000 000.00	
Indirect management with UNIDO (Outputs 2.3 and 2.4) – cf. section 4.3.3.4	2 500 000.00	
Indirect management with a pillar-assessed entity (Outcome 2) – cf. section 4.3.3.3	7 500 000.00	
Outcome 3 'Reforms in the areas of Public Finance Management, justice, competition, energy efficiency and labour are adopted in line with the EU <i>acquis</i> and ILO standards, and media supported' composed of	11 000 000.00	
Procurement (direct management) (Output 3.1) – cf. section 4.3.2	N.A.	
Indirect management with a pillar-assessed entity (Output 3.2) – cf. section 4.3.3.5	2 000 000.00	
Indirect management with a pillar-assessed entity (Output 3.6) – cf. section 4.3.3.6	3 000 000.00	
Grants (Call for proposals – direct management) (Output 3.5) – total envelope under section 4.3.1.1	N.A.	
Twinning grants (direct management) (Outputs 3.3 and 3.4) – total envelope under section 4.3.1.2	N.A.	
Grants – total envelope under section 4.3.1	4 000 000.00	
Procurement – total envelope under section 4.3.2	2 000 000.00	
Evaluation – cf. section 5.2 Audit – cf. section 5.3	Will be covered by another decision	
Strategic communication and Public diplomacy – cf. section 6	Will be covered by another decision	
Contingencies	0.00	
Totals	31 000 000.00	

4.6 Organisational Set-up and Responsibilities

The Delegation of the European Union to the Republic of Moldova, represented by the relevant programme officers from the Delegation's Cooperation section, will be responsible for supervising the implementation of the projects.

The implementing entities will be responsible for the day-to-day management of the projects and mobilisation of all needed resources. The implementing entities will assist the Project beneficiaries in establishing the Project Steering Committees to guide the project implementation. The Project Steering Committees will oversee and validate the overall direction and policy of the project (or other responsibilities to be specified). The implementing entity will report regularly to the Project Steering Committee, which will review the project progress and give guidance on key issues. The Project Steering Committees shall meet on a regular basis, indicatively once or twice a year. Ad-hoc meetings can be convened in case of need. The Project Steering Committee shall be made up of representatives of key stakeholders.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the EU Delegation may participate in the above governance structures set up for governing the implementation of the action.

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.

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 logframe matrix.

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).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

- 1. <u>Baselines setting:</u> Baselines, targets and sources of data have been partially defined in the logframe. These will be reconfirmed or amended if necessary at the time of the contracting. If needed, additional studies will be commissioned.
- 2. <u>Data collection and reporting:</u> Data collection and reporting will be under the responsibility of the implementing partners.
- 3. Active and meaningful participation of stakeholders: This action has been designed based on consultations with a large group of stakeholders, including the Government, the business sector and the civil society. It is in line with many of the priorities identified as a result of the consultation and with Government strategies and programmes. It is expected that a large number of stakeholders will benefit from it and will be actively supporting it. Due care will be taken to raise awareness about the action and its benefits to ensure active stakeholders' participation.

5.2 Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that follow up actions may be launched under some of the priorities.

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 30 days in advance of the dates envisaged for the evaluation 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.

Evaluation services may be contracted under a framework contract.

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 <u>Communicating and raising EU visibility:</u> <u>Guidance for external actions</u> (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.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.