ANALYSIS

State of the Country Report

Republic of Moldova 2025

Expert-Grup
Independent Think-Tank

Friedrich Ebert Stiftung

Imprint

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Friedrich Ebert Stiftung

November 2025

State of the Country Report

Republic of Moldova 2025

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Abbreviations

ARBI	Agency for the Recovery of Criminal Assets
CEMT	European Conference of Ministers of Transport
CPI	Consumer Price Index
EU	European Union
EUR	Euro
FF	Family farm
FNDRL	National Fund for Regional and Local Development
GDP	Gross domestic product
HoReCa	Hotels, restaurants, and cafés
IMF	International Monetary Fund
LCR	Liquidity coverage ratio
Ltd	Limited liability company
NBS	National Bureau of Statistics
NEET	Not in employment, education, or training
OECD	Organisation for Economic Co-operation and Development
P2B	Person to business
PHC	Population and Housing Census
PPP	Purchasing power parity
Q1, Q2...	Quarter 1, quarter 2...
SEPA	Single Euro Payments Area
SME	Small and medium-size enterprise
USD	US dollar
VAT	Value added tax
y-o-y	Year-on-year

Key messages

Economic stagnation continues, while the country's economic growth model has exhausted its potential

The fragile economic situation of recent years has persisted into 2024–2025, with the expected recovery turning into recession.

The pessimistic forecasts for agricultural production in 2024 materialised, with gross value-added declining by as much as 19 per cent. Similarly, the manufacturing sector stagnated, recording only a marginal increase of 0.1 per cent. This, in turn, negatively affected the export of goods, which fell by 13 per cent. Overall, the economy remained stagnant in 2024, with gross domestic product (GDP) growing by a mere 0.1 per cent—far below the anticipated 2 per cent recovery following the stagnation in 2023 and the deep recession in 2022. Moreover, during the third and fourth quarters of 2024 and the first quarter of 2025, GDP actually contracted, officially marking the onset of a technical recession. Even when excluding the drought-affected agricultural sector, the economy would have expanded by only 1.4 per cent in 2024—still well below expectations of a post-crisis rebound. The only genuinely positive developments were the increase in household consumption and investment activity. However, these were not sufficient to offset the broader weaknesses. Furthermore, the rise in consumption, amid stagnation in the industrial sector, fuelled higher imports and further worsened the trade balance. In fact, for every unit of goods exported, three units are imported. The opposite is true for trade in services, where exports exceed imports by a factor of two.

The modest economic growth of recent years indicates that traditional sources of economic growth have now reached their limit and the country's economic potential is continuing to erode.

This aligns with the trend observed over the past several years of a gradual slowdown in Moldova's potential economic growth. This slowdown began even before the Covid-19 pandemic in 2020 and Russia's invasion of Ukraine in 2022. The root cause lies in the persistence of a cost-based model of economic competitiveness (driven mainly by low labour costs), which has, in turn, sustained an economy characterised by low value added and limited technological sophistication. Consequently, government programmes and policies must actively prioritise attracting investment in activities that generate higher added value—such as processing local raw materials, developing and promoting local brands, and automating and technologizing production processes across all sectors of the national economy.

Modest economic growth also entails significant social costs.

In the first half of 2025, against a backdrop of rising inflationary pressures and weak economic growth, real wage growth slowed, real pensions stagnated, and remittances flows contracted.

Although nominal wages increased by around 10 per cent compared to 2024, real wage growth remained modest, at below 2 per cent. The average real pension (including old-age and disability pensions) declined by 0.6 per cent in quarter 1 (Q1) 2025 and 0.3 per cent in quarter 2 (Q2) 2025 compared to the same periods in the previous year, even though the nominal average pension increased by approximately 8 per cent. Remittances continued their downward trend, falling both in nominal terms (-3 per cent in the first half of 2025 compared to the first half of 2024) and in real terms (-9 per cent in Q1 2025 and -11 per cent in Q2 2025). The employment rate for the population aged 20–64 fell by 3.1 percentage points in Q2 2025 compared to Q2 2024. Notably, employment decreased in public administration, education, health and social care, agriculture, industry, and construction, while it increased in transport and storage, as well as information and communications. Overall, the employed population declined by about 73,300 people compared to Q2 2024—not due to unemployment, but as a result of increased inactivity. The main drivers of this rise in inactivity were a growing number of people working abroad or intending to work abroad, as well as increases in the numbers of pensioners, pupils, and students. From a public policy perspective, to support wage growth and the formalisation of undeclared work, it is recommended to institutionalise an automated mechanism for subsidising wage increases and to raise the minimum wage to 50 per cent of the average gross wage.

The modest growth in real incomes, in the context of stagflation, has contributed to a rise in monetary poverty indicators.

In 2024, the absolute poverty rate increased by 2 percentage points compared to 2023, reaching 33.6 per cent. The groups most affected were households with three or more children, people with disabilities, and individuals with general secondary or vocational secondary education. Despite the erosion of incomes, household final consumption recorded a notable increase in the first half of 2025 (+4.2 per cent in real terms), accompanied by a significant surge in new loans to individuals (+53 per cent in the first half of 2025 compared to the first half of 2024). This rapid expansion of lending, decoupled from income dynamics, may increase the financial vulnerability of households in the event of a disruption in the capital or labour market. Although mortgage lending also increased, access to housing worsened due to rigid supply in the real estate market. To improve access to housing, policies focused primarily on increasing supply, rather than solely supporting demand, are required. This includes reducing administrative barriers for conducting construction works, investing in municipal infrastructure, and supporting the construction of social housing. To address the high poverty rate among people with disabilities, it is recommended that disability pensions be increased by at least 15 per cent, until they reach the minimum subsistence level, estimated at Moldovan Leu (MDL) 3,050 in the first half of 2025.

However, some positive trends are beginning to emerge for 2025–2026

Entrepreneurship is accelerating, agriculture is showing mixed but improving results, industry is returning to growth after historic lows, and services continue to act as an engine of growth.

The number of enterprises reached 68.7 thousand (a +7.8 per cent increase year-on-year (y-o-y)), and in January–July 2025, 15.8 per cent more new companies (5.9 thousand) were registered, reflecting greater confidence in the business environment. In agriculture, following a 14.6 per cent decline in 2024, an increase of 5–10 per cent y-o-y is expected in 2025, with better yields for corn and sunflower and an excellent grape harvest, although declines are anticipated for wheat, apples, and plums. After three consecutive years of decline, the share of industry in GDP reached historic lows (9.7 per cent) in 2024. In 2025, industry is expected to resume positive growth, mainly due to the recovery of the food sector and construction-related industries (metal construction, metallurgy, and furniture), as well as a low base of comparison. Services remain a key source of economic growth, driven primarily by the hotels, restaurants, and cafés (HoReCa), construction, and IT sectors.

The real sector is primarily driven by local private investment, while the financial sector is showing signs of improvement in regard to financial intermediation.

Investment dynamics are largely fuelled by domestic private capital, supported by falling financing costs and investments in land intended for residential, logistics/industrial, and renewable energy projects. In contrast, foreign and mixed-capital remains relatively inert due to security risks stemming from the war in Ukraine. In the banking system, own funds stand at 25.1 per cent, well above the legal minimum of 10 per cent, and the loan-to-deposit ratio has risen from 0.56 in 2023 to 0.72 in July 2025. This expansion has been primarily in lending to households, with loans relative to GDP increasing from 8.7 per cent at the beginning of 2024 to 12.6 per cent in July 2025. At the same time, recent financial infrastructure reforms—including the implementation of the Single Euro Payments Area (SEPA), operational since October 2025, and MIA Business, already used by over 3,000 companies for person to business (P2B) payments, together with the new 2025–2030 capital market strategy—have expanded the potential for greater financial inclusion among the population and improved access to capital for businesses.

The business environment requires regulatory stability, early consultation on the European acquis, and targeted policy instruments, with a key priority being the effective implementation of the European Union's (EU's) Growth Plan for Moldova.

Successful implementation of the plan depends on strong governance, inter-institutional coordination, and transparent project selection, to maximise impact and prevent clientelism. At the same time, continuous consultation with businesses on the transposition of the acquis is essential, as compliance costs disproportionately affect small and medium-sized enterprises (SMEs). These costs can, however, be mitigated through support from pre-accession funds and advance communication of regulatory changes.

The quality of governance remains a pressing issue and a significant barrier to European integration

Although the Republic of Moldova has made progress in transparency and alignment with European standards, governance continues to be hampered by structural and institutional shortcomings.

Stakeholder participation is often limited, consultation outcomes are not fully utilised, and there remains a persistent imbalance in Parliament between initiatives advanced by the majority and those put forward by the opposition. European integration remains the main driver of reforms; however, to ensure the credibility and sustainability of this process, it is essential to accelerate public administration reforms, strengthen budgetary discipline, and professionalise the civil service, by applying a merit-based system.

The Republic of Moldova has made visible progress in strengthening judicial integrity and enhancing international cooperation against organised crime, but it remains vulnerable to electoral corruption and disinformation campaigns.

External evaluations of judges and prosecutors have highlighted structural problems within the justice system, and ongoing difficulties in the functioning of the supreme courts continue to affect its stability. At the same time, vote rigging and illegal party financing undermine public confidence in democracy, while orchestrated disinformation—including from external sources—amplifies social polarisation and electoral risks. High-profile cases, such as the arrest of Evghenia Gutul and the extradition of Vladimir Plahotniuc, signal political and judicial will to combat corruption and foreign influence; however, the impact of such efforts will remain limited without effective asset recovery mechanisms and more resilient electoral and media institutions.

Special Issue: The phenomenon of poverty in Moldova — understanding the causes, identifying the most vulnerable, and formulating targeted policy priorities

The succession of inflationary shocks in recent years, combined with weak economic growth and chronic social vulnerabilities, has created a stark reality: according to poverty indicators calculated by the National Bureau of Statistics (NBS), approximately one-third of the population of the Republic of Moldova lives below the absolute poverty line, and over a quarter lack access to essential elements of modern life, including healthcare, education, sewerage, drinking water, heating systems, and decent jobs. The most striking disparities highlighted by these measurements concern the gap between rural and urban areas, the precariousness of households with children—which perpetuates intergenerational poverty—and the poverty traps affecting families with low levels of education. Furthermore, macroeconomic volatility, recurrent inflation, persistent budgetary constraints, rising energy prices, and demographic pressures paint a concerning picture for disadvantaged groups, with significant social, economic, and political implications for the country's future.

Technical box:

Absolute poverty threshold[1] - The value of the food and non-food basket, calculated as the sum of expenditures on food and non-food products and services by households that spend on food an amount equivalent to the cost of minimal necessary food consumption. Excluded from aggregate consumption are expenditures on durable goods (furniture, household appliances, transport, and cultural or leisure items), alcoholic beverages, rent, healthcare. For 2024, the absolute poverty threshold was set at MDL 3,493 per month.

Absolute poverty rate - The proportion of households that are unable to cover a minimum decent level of consumption (3,493 MDL/month in 2024).

Extreme poverty threshold - The value of food consumption needs estimated based on the consumption patterns of the most vulnerable population. For 2024, the extreme poverty threshold was set at 2,817 MDL/month.

Extreme poverty rate - The share of households that are unable to cover the value of basic food consumption needs (2,817 MDL/month in 2024).

Poverty depth - the average "distance" of poor households from the poverty threshold. This indicator measures the average shortfall in resources (as a percentage of the poverty threshold) needed to reach a minimum acceptable standard of living. For example, a poverty depth of 5.3 per cent in 2024 indicates that, on average, poor households had a consumption deficit equivalent to 5.3 per cent of the absolute poverty threshold to reach that threshold.

While absolute poverty statistics measure households' ability to cover a minimum standard of living, multidimensional poverty[2] indicators measure deprivations in essential areas such as health, education, living conditions, and employment:

- **Health** - A household is considered deprived if at least one member did not have access to healthcare when needed or lacks health insurance.
- **Education** - A household is considered deprived if at least one member aged 18–65 has not completed secondary education, or if a household member aged 15–29 is not engaged in employment, education, or training.
- **Living conditions** - A household is considered deprived if it uses polluting fuels (wood, coal, oil) for heating, lacks connection to public sewerage or water supply systems, resides in poor-quality housing, or experiences overcrowding.
- **Employment** - A household is considered deprived if working-age members are unemployed, informally employed, or seasonally employed.

Incidence of multidimensional poverty (multidimensional poverty rate – The proportion of the population experiencing deprivation in at least 35 per cent of the weighted indicators.

Multidimensional poverty intensity - The average degree of deprivation across weighted indicators experienced by the population identified as multidimensionally poor.

Untruncated rate of a poverty indicator - The proportion of the population deprived according to a specific indicator, regardless of whether they are classified as multidimensionally poor.

Truncated rate of a poverty indicator - The proportion of the population deprived according to a specific indicator and simultaneously identified as multidimensionally poor.

Multidimensional poverty statistics complement monetary poverty measures by assessing common deprivations, rather than replacing monetary measures.

1 https://statistica.gov.md/files/files/Metadate/alte/Metodologie_saracie.pdf
2 https://statistica.gov.md/files/files/despre/Statistica_experimentala/Metodologia_MPI.pdf

Analysis of the main trends and developments

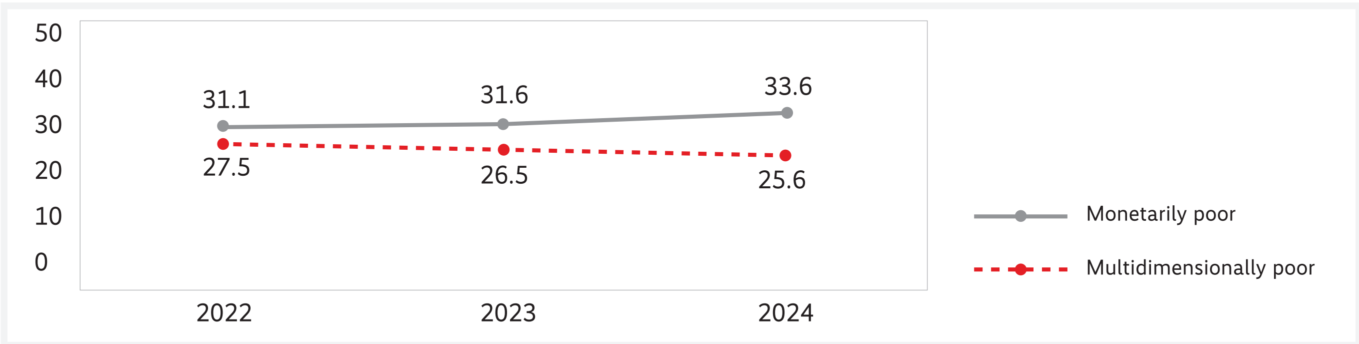
In 2024, monetary and multidimensional poverty trends in the Republic of Moldova followed divergent trajectories, sparking public debate[3] over the relevance of the statistical methodologies used to measure them. The absolute poverty threshold was set at MDL 3,493 per month, with 33.6 per cent of the population—up 2.0 percentage points from 2023—considered monetarily poor according to the national standard. At the same time, 25.6 per cent of the population—down 0.8 percentage points from 2023—was identified as multidimensionally poor (Figure 1).

These trends are not contradictory, as the dynamics of monetary and multidimensional poverty do not necessarily move in tandem. Absolute poverty statistics measure households' financial capacity to meet a minimum standard of living that is deemed socially acceptable, while multidimensional poverty indicators assess access to concrete essentials of modern life, such as healthcare, education, adequate housing, and decent employment.

Although the monetary and multidimensional poverty rates moved in different directions in 2024, the intensity of poverty increased in both cases. The depth of absolute poverty in 2024 was 5.3 per cent, indicating that, on average, poor households had consumption expenditures 5.3 per cent below the 3,493 MDL/month poverty threshold—a rise of 0.4 percentage points compared to 2023. Similarly, the intensity of multidimensional poverty reached 46.0 per cent in 2024, meaning that individuals identified as multidimensionally poor experienced deprivation in 46.0 per cent of the 11 weighted indicators used in the measurement—an increase of 0.7 percentage points compared to 2023 (Figure 2).

Figure 1

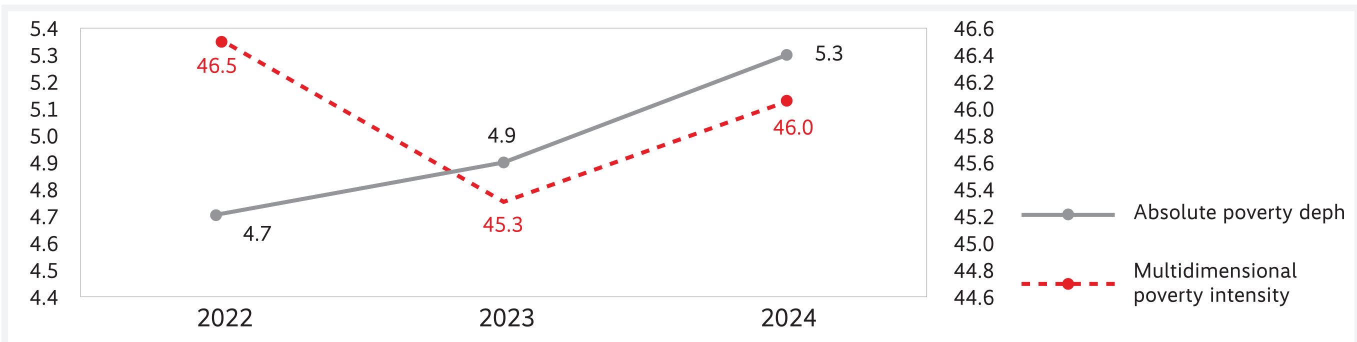
Evolution of monetary and multidimensional poverty rates, % of households



Source: Based on NBS data.

Figure 2

Evolution of monetary and multidimensional poverty intensity indicators, %



Source: Based on NBS data.

3 *http://curentul.md/stiri/radu-marian-metodologia-actuala-a-saraciei-nu-ia-in-calcul-realitatea-economica-iar-noii-indicatori-vor-oferi-o-imagine-mai-corecta.html*

The data reveal significant disparities in monetary poverty across different segments of the population. In 2024, the national absolute poverty rate reached 34 per cent. The group most affected is individuals with low levels of education: 73 per cent of those with primary education and 51 per cent of those with incomplete secondary education are classified as poor. Similarly, high incidences are observed in households with three or more children (53 per cent), residents of the Southern region of Moldova (51 per cent), and individuals whose main source of income is a pension (49 per cent) or individual agricultural activity (48 per cent). Other highly exposed groups include persons with disabilities (47 per cent), agricultural workers (46 per cent), the rural population (43 per cent), residents of the Central region (42 per cent), as well as individuals whose highest level of education is vocational secondary education (40 per cent) and general secondary education (35 per cent). At the opposite end of the spectrum, the categories least affected by monetary poverty are people with higher education (10 per cent), residents of Chisinau municipality (15 per cent), employees in the non-agricultural sector (18 per cent), the urban population (22 per cent), households with one child (24 per cent), and individuals with specialised secondary education (26 per cent).

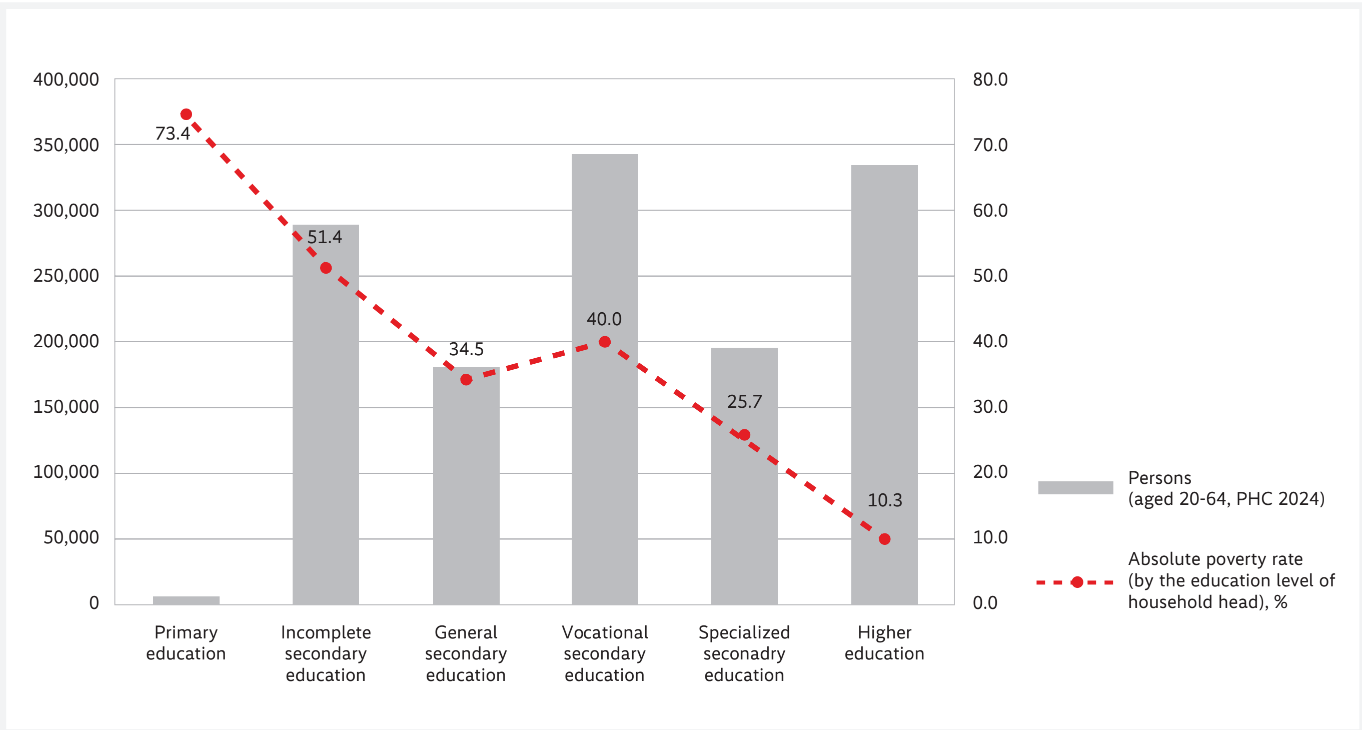
Gender disparities in terms of monetary poverty incidence are not pronounced, with the poverty rate among men (33.5 per cent) being roughly the same as that among women (33.8 per cent). However, the absolute poverty rate increased more sharply among men (+2.4 p.p. compared to 2023) than among women (+1.8 p.p.), which may be associated with the decline in the employment rate among men (aged 15 and over) from 47.1 per cent in 2023 to 45.9 per cent in 2024. At the same time, the employment rate among women increased (although it remained lower than that of men - 40.0 per cent).

From these data, the most relevant causes of monetary poverty can be identified as low levels of education, insufficient support measures for large families, regional disparities in economic opportunities, low old-age and disability pensions, and low wages in the agricultural sector.

Figure 3 highlights the strong influence of educational level on the risk of experiencing monetary poverty. Among individuals with higher education or specialised secondary education—a group that, according to the 2024 Population and Housing Census (PHC), comprises 39 per cent of the working-age population (20–64 years old)—the incidence of absolute poverty is below the national average. In contrast, those with lower levels of education (primary, middle school, high school, or vocational secondary) experience absolute poverty rates above the national average. In other words, 61 per cent of working-age residents have an educational level associated with limited economic opportunities in Moldova, which keeps them trapped in poverty. Furthermore, PHC 2024 data indicate that fewer than 2 per cent of the population continue their studies after age 24.

Figure 3

Educational levels of working-age residents in Moldova (aged 20–64) and corresponding absolute poverty rates



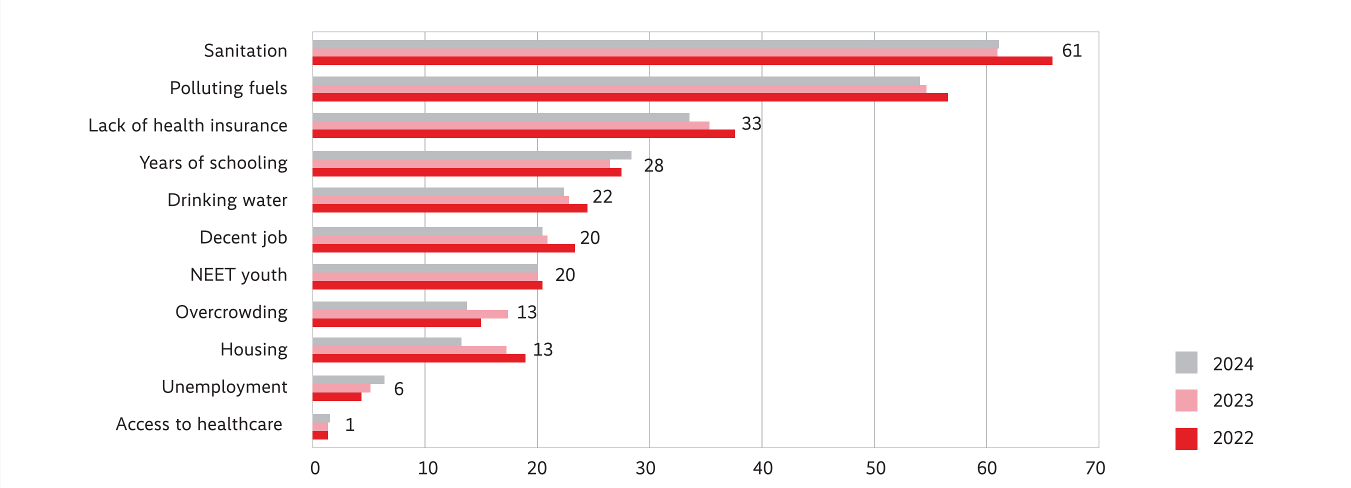
Source: Based on NBS data.

The groups most affected by the increase in monetary poverty rate in 2024 compared to 2023 were individuals whose main source of income was individual agricultural activity (a 19 percentage point increase in the absolute poverty rate), households with three or more children (a 12 p. p. increase), employees in the agricultural sector (a 5 p. p. increase), persons with secondary vocational or general education (a 5 p. p. increase), and persons with disabilities (a 5 p. p.increase).

In terms of multidimensional poverty, different types of deprivation experienced by the population vary in prevalence. At the national level, in 2024, approximately one-quarter of the population (26 per cent) was considered multidimensionally poor, with the average intensity of poverty reaching 46 per cent. The most common deprivations among the population, regardless of whether they were classified as multidimensionally poor or not, included the following: lack of access to sanitation (61 per cent of the population lived in dwellings not connected to the public sewerage system); use of polluting fuels (wood, coal, oil) for heating (54 per cent of the population); lack of health insurance (at least one member of the household was uninsured) (33 per cent); insufficient education (at least one household member aged 18–65 had not completed secondary education) (28 per cent); lack of connection to the public water supply system (22 per cent); precarious employment (at least one household member was employed informally or seasonally) (20 per cent); presence of youth who were not in employment, education or training (NEET) (at least one household member aged 15–29 was NEET) (20 per cent); overcrowding (average living space per person was less than 9 m²) (13 per cent); poor housing quality (leaky roof, damp walls/floors, damp foundation, or rotten floors/window frames) (13 per cent); unemployment (at least one working-age household member was unemployed) (6 per cent); limited access to healthcare (at least one household member lacked access when healthcare was needed) (1 per cent) (Figure 4).

Figure 4

Untruncated multidimensional poverty rates, % of total population



Source: Based on NBS data.

Compared to 2022, some progress was recorded in 2024 for several indicators. The share of people affected by poor housing quality decreased from 19 per cent to 13 per cent; of those without access to sanitation decreased from 66 to 61 per cent; those without health insurance fell from 37 per cent to 33 per cent; those without a decent job decreased from 23 to 20 per cent; and the share of households using polluting fuels for heating declined from 57 per cent to 54 per cent. Conversely, setbacks were registered in education and employment indicators: the share of people deprived in years of schooling increased from 27 per cent to 28 per cent, while unemployment rose from 4 per cent to 6 per cent.

A person is considered multidimensionally poor when they experience deprivation in at least 35 per cent of the weighted indicators. In this respect, substantial variations exist across population groups. Households with three or more children record the highest incidence of multidimensional poverty (57 per cent) and the highest intensity of multidimensional poverty (49 per cent). Members of such households typically face precarious living conditions: 78 per cent live in dwellings not connected to the public sewerage system, 69 per cent heat their homes with polluting fuels, and 49 per cent live in overcrowded conditions. Other deprivations disproportionately affecting these families include insufficient education (59 per cent), lack of health insurance (57 per cent), the presence of NEET youth (34 per cent), and precarious employment (32 per cent). Overcrowding, inadequate learning conditions, and low parental income due to unstable work contribute to the intergenerational transmission of poverty.

Rural residents represent another severely disadvantaged group. In 2024, the incidence of multidimensional poverty among the rural population reached 38 per cent, with an intensity of 47 per cent. Nearly all rural households (96 per cent) lack access to the public sewerage system, while 84 per cent rely on polluting fuels for heating. Other significant deprivations include the absence of health insurance and insufficient schooling (39 per cent), lack of connection to the public water supply (36 per cent), and precarious employment (26 per cent).

Children (aged 0–17) are particularly affected by multidimensional poverty. In 2024, 37 per cent of children in Moldova were identified as multidimensionally poor, with an average intensity of multidimensional poverty of 47 per cent. More than half (58 per cent) live in homes without access to public sewerage, 49 per cent in homes heated with polluting fuels, and 46 per cent in households where at least one member lacks health insurance. Additionally, 40 per cent of children live in households where an adult has not completed secondary education, 31 per cent in households with NEET youth, and 29 per cent in overcrowded dwellings.

From a gender perspective, the incidence of multidimensional poverty is higher among men (28 per cent in 2024) than among women (24 per cent), although men fare slightly better in terms of monetary poverty. Men are significantly more exposed to deprivation in health insurance coverage, access to decent jobs, and years of schooling. One can assume that these factors are interlinked: lower education levels tend to lead to precarious employment, which, in turn, limits access to formal social protection mechanisms such as health insurance.

Between 2023 and 2024, the increase in multidimensional poverty incidence was most pronounced among categories already facing high vulnerability. The most affected groups were households with three or more children (an 8.6 percentage point increase), residents of the Southern region (a 1.9 p. p. increase), children aged 0–17 (a 1.8 p.p. increase), and adults aged 30–39 (a 1.7 p.p. increase).

Policy recommendations

Taking account of the factors that exert the greatest influence on monetary and multidimensional poverty indicators, public policy priorities should focus on the following areas:

- 96 per cent of people in rural areas live in households not connected to the public sewerage system, making this the most widespread form of deprivation in Moldova. It is crucial therefore to continue regional development programmes, particularly projects aimed at the construction and expansion of public sewerage networks.
- Investments in energy efficiency and infrastructure, including the modernisation and thermal rehabilitation of residential buildings (as 84 per cent of rural residents rely on polluting fuels for heating) and the expansion of public water supply systems (36 per cent of rural residents live in dwellings not connected to the public water network).
- Formalisation of informal employment and reduction of underemployment. At the national level, one in five people face precarious work, and in rural areas this proportion rises to one in four. (See the “People” chapter for more detailed policy recommendations in this area.)
- Promotion of lifelong learning and adult education as essential tools for improving skills and labour productivity. According to PHC 2024 data, 61 per cent of Moldova’s working-age population have a low educational level for which the economy offers limited opportunities, which contributes to persistent poverty. Meanwhile, fewer than 2 per cent of adults continue their studies past age 24. Policy measures could include making training and retraining expenses tax deductible, providing incentives for employers who grant paid learning time, and the establishment of nurseries or childcare services within educational institutions to support adult learners.
- The prevention of school dropouts and improvement of student retention in high school. This is critical since middle school alone does not provide the skills required by the modern labour market. Data from the Ministry of Education and Research show that, in the 2024–2025 academic year, the main reasons for school dropout among students aged 7–16 were: migration abroad (39 per cent), parents’ refusal to support continued

education (25 per cent), financial difficulties (14 per cent), and poor academic performance (4 per cent)[4]. It should be noted that a quarter of the school dropout cases reported by the ministry concerned Roma students. Consequently, public policy measures should focus not only on motivating parents to keep their children in school—through mechanisms such as additional social assistance allowances conditional on school attendance or free school meals—but also on combating discrimination against Roma in general. Discrimination diminishes the perceived and actual benefits of continuing education for Roma children, as completing additional years of schooling does not always translate into improved outcomes in the labour market, as for other ethnic groups.

Considering the groups that are most prone to poverty, public policies aimed at combating deprivation should take into account the following:

→ The most vulnerable group in terms of both multidimensional and monetary poverty is households with three or more children. Although the average monthly childcare allowance granted to insured persons exceeded both the average minimum subsistence level and the absolute poverty threshold in 2024 (see the chapter on "People"), this benefit is limited to a maximum duration of three years. Once this period expires, state support ceases, while family expenses persist. Importantly, the main cause of poverty among large families is not as much the inability to cover current consumption needs, but rather the lack of resources to meet capital expenditures on adequate housing. People in households with three or more children tend to live in particularly poor conditions: their homes are not connected to the public sewerage system (78 per cent), polluting fuels are used for heating (69 per cent), and the dwellings are overcrowded (49 per cent).

→ Public policies to support large families should therefore prioritise improving access to adequate housing, either through the provision of social housing or the allocation of "parental capital" that can be used for the purchase of a dwelling. At the same time, financial support for child-rearing should be extended beyond the age of three, lasting until children reach adulthood, following the model applied in Romania.

→ Households with three or more children are also disproportionately affected by precarious employment among adults (32 per cent) and the presence of NEET youth (34 per cent). In addition to perpetuating material deprivation, these realities transmit dysfunctional role models to children, normalising underemployment and inactivity as a modus vivendi, and thereby fuelling intergenerational poverty. Consequently, active labour market measures for adults in vulnerable families should be prioritised—including providing better information on available job opportunities, access to retraining and adult education, preferential access to nurseries and kindergartens, and increased tax deductions for dependents.

As measures to combat poverty require substantial financial resources, it is appropriate to review current fiscal policies, taking into account the following aspects:

→ It is not recommended to increase the standard value added tax (VAT) rate (currently 20 per cent). Such a measure would be socially counterproductive, as it would fuel inflationary pressures and disproportionately affect low-income groups. High-income groups do not spend all their income, but rather save a part of it, and therefore do not pay VAT on their entire income.

→ Taxing remittances received from abroad is also not advisable. The income of Moldovan workers abroad is already taxed in host countries (with the exception of informal workers), and Moldova is a signatory to international agreements on the avoidance of double taxation. Moreover, taxing remittances would deepen, rather than reduce, economic inequality, as remittances represent a higher share of household income in rural areas (13 per cent) compared to urban areas (8 per cent in 2024).

→ The introduction of taxes on financial transactions is likewise not recommended—at least not in the near future. Although such taxes are applied in some other countries and the volume of financial transactions in

4 https://mec.gov.md/sites/default/files/abandon_semii_2024-2025.pdf

Moldova is gradually increasing, introducing taxes on the purchase and sale of shares, bonds, or other securities would hinder the development of the national capital market, which remains a government priority.

→ Revising the income tax system should, however, be considered. Returning to a more progressive taxation model and increasing the standard income tax rate could enhance fiscal equity. The current flat rate of 12 per cent is below the levels applied in most European countries. Nevertheless, as long as Romania and Bulgaria maintain their income tax rates at 10 per cent, a higher rate in Moldova could produce adverse effects on competitiveness. A more realistic alternative would be to increase the corporate income tax rate (currently also 12 per cent), given that in Romania this stands at 16 per cent.

→ Additional sources of tax revenue could include the following: (1) reviewing tax breaks—under the current memorandum with the International Monetary Fund (IMF), the Government of Moldova has committed to broadening the tax base and reassessing unjustified preferential tax regimes starting in January 2026, with the goal of increasing annual revenues by at least MDL 900 million compared to the current policy; (2) combating tax evasion and the informal economy—according to the same memorandum, the government has pledged to fight informal employment and monitor cross-border financial flows to detect tax offences and abusive profit transfers; and (3) increasing property taxes, which remain low in Moldova—in the first half of 2025, revenues from property taxes accounted for less than 1 per cent of total tax revenues collected in the national public budget.

Table 1

Main indicators of monetary and multidimensional poverty

	2022	2023	2024
Absolute poverty rate, %	31,1	31,6	33,6
Women	31,4	32,0	33,8
Men	30,8	31,1	33,5
Rural	40,3	42,0	42,9
Urban	17,1	17,7	21,6
Extreme poverty rate, %	13,5	13,8	15,4
Women	13,7	13,9	15,3
Men	13,2	13,7	15,6
Rural	18,1	19,2	20,5
Urban	6,5	6,7	8,9
Incidence of multidimensional poverty, %	27,5	26,5	25,6
Women	25,2	24,2	23,6
Men	30,3	29,1	28,1
Rural	37,6	38,7	37,6
Urban	12,3	10,1	10,0
Untruncated rates of multidimensional poverty by component, %			
Access to healthcare	1,0	1,1	1,1
Health insurance coverage	37,4	35,2	33,2
Adequate years of schooling	27,3	26,3	28,3
NEET youth in the household	20,4	19,9	19,8
Use of polluting fuels for heating	56,6	54,8	54,1
Access to sanitation	66,0	61,2	61,2
Adequate housing quality	18,9	17,1	13,1
Overcrowding	14,8	17,2	13,4
Access to drinking water	24,2	22,7	22,2
Unemployed persons in the household	4,0	4,9	6,0
Decent work	23,1	20,7	20,2

Source: NBS data.

Firms

The state of the country is determined by the development and competitiveness of its companies, the well-being of the population, and the efficiency and quality of governance. These three defining elements are closely interconnected, which is why they are analysed as a priority in this State of the Country Report. This chapter focuses on the first of these elements, assessing the dynamics of the private sector in the Republic of Moldova and identifying the most significant trends for the period 2023–2025. Particular attention is given to the evolution of economic sectors in the context of lower-than-expected economic growth, highlighting both the challenges and structural changes that occurred during this period. The analysis of the business environment reveals notable progress in areas such as integrity and gender equality, but mixed performance in competitiveness and economic freedom. Data on budget revenues relative to economic growth suggest some improvements in broadening the tax base and enhancing tax compliance. Renewable energy is becoming increasingly visible in consumption, entrepreneurship, and lending. The business ecosystem will soon feel the impact of the Freelancers Law (Law No. 228 of 10 July 2025, amending certain legislative acts on the independent economic activity of natural persons), which will enter into force on 1 January 2026. The policy recommendations formulated in this chapter advocate for maximising the benefits of the EU's Growth Plan for Moldova by increasing transparency and ensuring good governance and effective inter-institutional coordination. They also emphasise the importance of continuous consultation with the private sector on the implementation of the Acquis Communautaire and on how they can benefit from the impactful transformations expected from the acquis, including through providing companies with informational and other support. Additionally, the chapter addresses the need to support increased competitiveness of Moldovan exports to reduce the trade deficit, and the need to improve the alignment of higher and vocational education with labour market needs and to prepare for the privatisation of state assets in accordance with the Strategy on State Property Management.

Analysis of the main trends and developments in the real sector

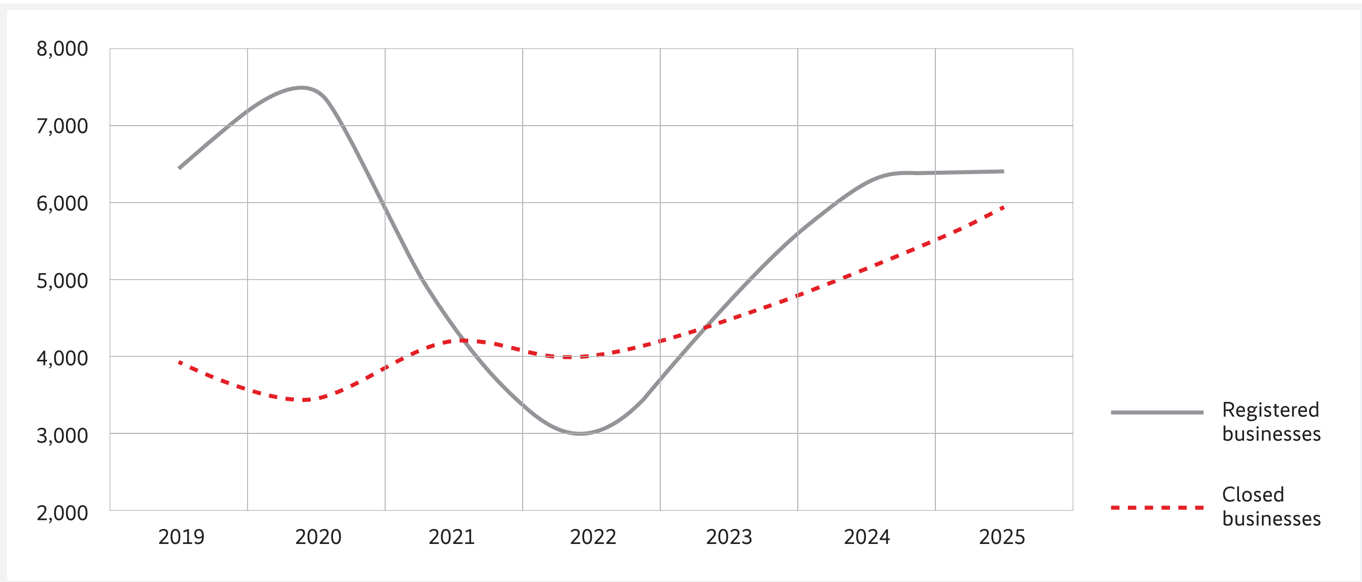
Entrepreneurship

2024 was marked by a reduction in cost pressures for businesses, accompanied by a notable increase in the number of enterprises operating in Moldova. The corporate sector recorded a 5.1 per cent increase in turnover—almost twice the growth rate of the cost of sales (2.8 per cent). This performance can be attributed to lower inflation, declines in international prices for several products, reductions in regulated service tariffs, and, simultaneously, challenges in accessing sales markets, as high inventory levels were maintained. The number of enterprises included in entrepreneurship statistics in the Republic of Moldova increased by 7.8 per cent y-o-y—more than four times faster than in 2023 (1.9 per cent)—reaching 68,700 units. At the same time, the average number of employees rose by 0.8 per cent year-on-year, to 543,000, remaining below the peak of the last 10 years recorded in 2019 by 1.6 per cent (or 9,000employees). Employment growth in 2024 occurred almost exclusively in micro and small enterprises. From a profitability perspective, over half of companies (54.7 per cent) reported profits, more than one-third (35.4 per cent) reported losses, and 9.8 per cent of enterprises submitted zero reports (no economic activity), reflecting a structure similar to that of the previous year. Meanwhile, 22.1 per cent of enterprises did not record any sales in 2024, although this share has been declining over recent years (25.4 per cent in 2021). Aggregate balance sheet data indicate a uniform increase in asset financing (+8.9 per cent year-on-year), both from equity (+9.1 per cent) and debt (+8.8 per cent). Fixed assets increased by 8.1 per cent, while inventories and cash grew by 10.6 per cent and 10.5 per cent, respectively. Most of the intensification in investment activity was driven by SMEs, whose fixed assets increased by 11.1 per cent (compared to 3.9 per cent for large enterprises) and whose long-term liabilities rose by 13 per cent (versus 3.2 per cent for large firms).

Perceptions among companies indicate a higher level of confidence, with the number of new businesses registered reaching its highest point during the period analysed (2018–2025). In the same context, the NBS survey on Trends in Economic Activity for the third quarter of 2025,[5] in which company managers completed a questionnaire on their expectations for future economic developments, shines a light on business sentiment. The results indicate a moderate increase in economic activity (+15 per cent) and sales revenue (+14 per cent), with higher growth anticipated in the manufacturing and construction sectors. Similarly, a moderate rise in product prices (+8 per cent) and relative stability in employment levels (+2 per cent) are expected. At the same time, according to the 2025 edition of the Entrepreneurs' Barometer survey,[6] 82 per cent of entrepreneurs reported being pro-European—an increase compared to the previous year—and a significant share (66 per cent of respondents) believe that the Republic of Moldova is heading in the right direction. Statistics on new business registrations for the first seven months of 2025 show a y-o-y increase of 15.8 per cent, reaching 5,900 units, the best performance during the period 2019–2025. At the same time, the number of businesses that closed in January–July 2025 rose by 2.5 per cent, to 6,400 units, resulting in a negative net growth in business creation. However, as noted in last year's State of the Country Report, since 2023 these results have also been influenced by the fact that, following legislative changes,[7] family farms have become subject to the provisions of Law No. 220/2007 on the state registration of legal entities and individual entrepreneurs. At the same time, the breakdown by legal form of organisation shows that, of all new enterprises created in the first seven months of 2025, 87.3 per cent were limited liability companies (Ltds), while only 10.5 per cent were family farms or individual enterprises. Among liquidated enterprises, 51.5 per cent were Ltds and 46.7 per cent were family farms or individual enterprises. The predominance of Ltds over family farms or individual enterprises can be interpreted as a positive trend, indicating that more entrepreneurs are establishing businesses with growth potential—not only for self-financing but also to attract clients, loans, and possibly investors. This trend may also reflect a desire for professionalisation, with more structured accounting, clearer contracts, and better protection of personal assets.

Figure 5

Dynamics of the number of newly created and liquidated enterprises, January–July of each year



Source: Public Services Agency. Note: Following legislative changes, since 2023, family farms are also included in the statistics on enterprise creation and liquidation.

5 *https://statistica.gov.md/ro/tendinte-in-evolutia-activitatii-economice-in-trimestrul-iii-2025-9557_61900.html*
6 *Entrepreneurs Barometer, 2025 edition, conducted by the Public Association "Partnerships for the New Economy" in collaboration with CBS-Research and INSCOP Research Romania, https://www.pne.md/downloads/barometrul-antreprenorilor-2025.pdf*
7 *Amendments of 2023 to Law No. 1353 on farm households, https://www.legis.md/cautare/getResults?doc_id=135665&lang=ro#*

Agriculture

After a decline in agricultural production in 2024, 2025 has seen mixed results in terms of harvests, alongside a more favourable market situation. Following the adverse weather in 2022, which led to a 29.2 per cent drop in agricultural output, and the subsequent recovery in 2023, with a 24.5 per cent increase, 2024 was marked by a 14.6 per cent decline due to heat waves and low rainfall, particularly in May–July. Based on agrometeorological forecasts and data from the relevant ministry and industry associations, a slight increase in agricultural production is expected for 2025, in the range of 5–10 per cent, though with considerable variation across crops. Annual crops such as maize and sunflower are expected to see better yields, and perennial crops, particularly grapes, are anticipated to have a very good harvest. Conversely, wheat production and the output of apples and plums are expected to decline. Livestock production in 2025 benefits from opportunities to export to the EU but faces challenges due to the spread of swine fever in the first part of the year, which affected local farms. From the second half of 2024, the market situation has become more favourable for farmers. Data from farms managing areas larger than 50 hectares show an increase in the agricultural production price index over the last four quarters (July 2024–June 2025), with a 28.4 per cent rise in the first half of 2025. These trends reflect reversals in international markets: for example, the FAO Food Price Index recorded a 7.6 per cent y-o-y increase in July 2025.[8] In 2024, crop production fell by 22.9 per cent, while livestock production increased by 5.7 per cent, ending eight consecutive years of decline, largely due to the strong performance of agricultural enterprises (+15.9 per cent y-o-y). Despite the increasing frequency of climate shocks, the structure of annual crops remains dominated by maize, wheat, and sunflowers—low-value crops that, as at 1 June 2025, accounted for 76.9 per cent of the sown area. In 2025, some modest efforts at diversification are also visible, in response to climate change. Rapeseed cultivation has increased 2.4-fold, while the area planted with hetero-oleaginous crops has expanded by 64.8 per cent.

Industry

After three consecutive years of decline, the share of industry in GDP has reached an historic low. Industrial production fell in both 2023 and 2024, by -3.6 per cent and -1.1 per cent y-o-y, respectively. The decline in 2024 resulted from several factors: droughts that affected harvests and limited raw materials for agri-food processing; reduced demand from trading partners, particularly in industries integrated into global value chains, such as automotive and textiles; and persistent high risk due to the ongoing hostilities in Ukraine. In 2024, 38.8 per cent of industrial output was destined for export, down 2.4 percentage points from 2023. The sectors that experienced the largest decreases in production volume were: food industry (-17 per cent), including the manufacture of vegetable and animal oils and fats (-63.8 per cent); manufacture of motor vehicles, trailers, and semi-trailers (-7.8 per cent); the manufacture of footwear (-32.8 per cent); and the manufacture of clothing (-5.0 per cent). In the first half of 2025, the industrial production volume index rose by 1.6 per cent y-o-y. The most notable gains were observed in the manufacture of computers and electronic and optical products (+54.8 per cent); repair, maintenance, and installation of machinery and equipment (+48.5 per cent); and manufacture of clothing (+22.8 per cent). In the second half of the year, industrial output is expected to continue its upward trend, driven mainly by the recovery of the food industry and construction-related sectors (metal construction, metallurgy, furniture), as well as a low comparison base. Despite this recovery, the overall industrial situation remains challenging, with the sector's share of GDP reaching a historic low of 9.7 per cent in 2024. Over the past three years, the sector lost 7,600 jobs (-7.6 per cent), with 72 per cent of these losses in the textile industry (clothing, footwear, etc.). Labour shortages, coupled with technological underdevelopment, are causing a decline in the contract manufacturing business model in Moldova. Factory gate prices for manufactured products rose by an average of 2.4 per cent y-o-y in January–July 2024, with domestic deliveries increasing by 3.3 per cent and export deliveries by 1.1 per cent. The government's electricity tariff compensation programme, implemented with assistance from the EU, has contributed to keeping cost pressures relatively low for local producers.

8 *https://www.fao.org/worldfoodsituation/foodpricesindex/en/*

Services

The services sector is expected to remain a key driver of economic growth in 2025, supported primarily by a strong recovery in construction and continued positive performance in HoReCa and the IT industry. Results for the first seven months of 2025 show an increase in wholesale turnover (+5.9 per cent y-o-y) and retail turnover (+7.7 per cent y-o-y). This growth remains slightly below the inflation rate of 8.3 per cent in January–July 2025, indicating that real retail sales were roughly on a par with last year's levels. Meanwhile, the HoReCa sector recorded nominal increases of 17 per cent in accommodation facilities and 21 per cent in restaurants during the same period, following growth of 30 per cent and 27 per cent, respectively, in January–July 2024. In 2024, the number of tourists accommodated in facilities reached 474,000, up 21.1 per cent y-o-y, while the hospitality industry's share of GDP rose to 1.8 per cent, compared with 1.2 per cent in 2019. In the transport sector, passenger traffic increased by 16.2 per cent in January–June 2025, driven primarily by air transport (+34 per cent) due to the expansion of accessible routes. By contrast, freight volume and distance travelled declined by 4.9 per cent and 10.5 per cent, respectively, with the railway sector most affected, experiencing a 27.9 per cent drop in freight traffic. This situation has necessitated government intervention in line with the approved planning framework, as outlined in the Concept for the Restructuring of the Railway Sector and the State Enterprise "Calea Ferată din Moldova".[9] Following the return to growth in 2024 (+3.8 per cent in the volume of work performed), the upward trend continues in 2025, with construction output up by 35.1 per cent y-o-y in January–June. The expansion spans both the residential and non-residential segments as well as civil engineering, reflecting renewed optimism in the sector, as captured in the NBS survey "Trends in Economic Activity". The IT sector remains another key driver of growth. Exports of IT services reached US dollar (USD) 657 million in 2024—6.4 times higher than in 2017, the year preceding the launch of Moldova IT Park. The upward trajectory is expected to continue in 2025, with turnover in January–July up by approximately 18.6 per cent. However, this growth is largely attributable to the addition of new residents of Moldova IT Park, while several companies face challenges—as is also observed internationally. Among firms that operated within Moldova IT Park during both 2023 and 2024, around 41 per cent reported a decline in sales in 2024.

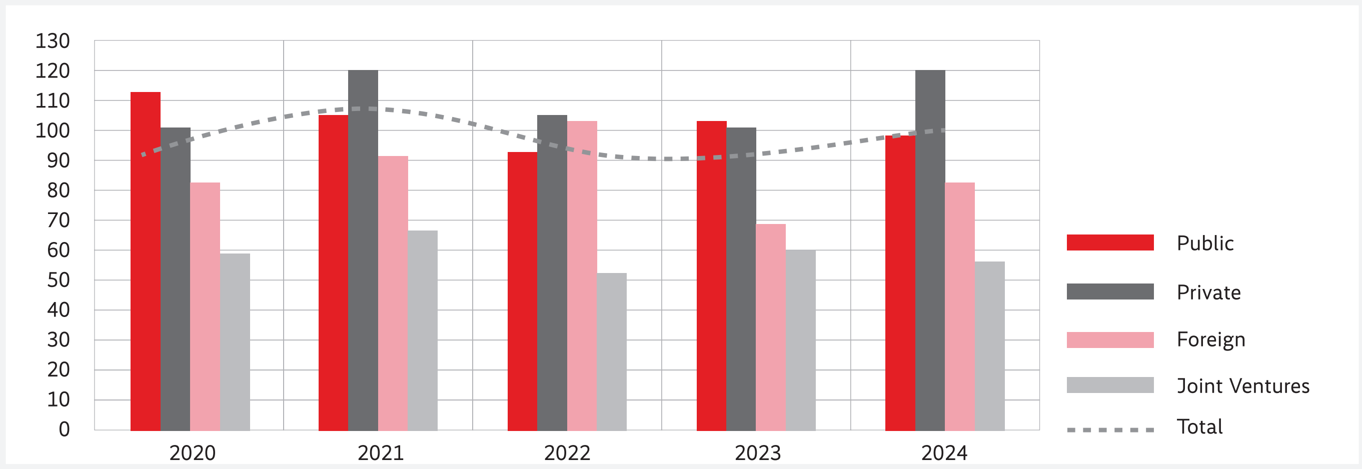
Investments

2025 has seen a strong recovery in fixed asset investment, with local private capital remaining the main driver of expansion, while foreign capital continues to act more cautiously due to perceived security risks. After 2023 saw stagnation in investment, with a 1 per cent y-o-y decline, 2024 marked a revival of investment activity, with real growth of 8.8 per cent y-o-y. In 2024, the largest increases were recorded in investments in land (+52.6 per cent y-o-y), transport (+18.1 per cent y-o-y), and machinery and equipment (+11.3 per cent y-o-y). By type of ownership, investments made by local private companies (+18.9 per cent y-o-y) and foreign-owned companies (+8.8 per cent y-o-y) grew significantly, while public and mixed-capital investments decreased by 5–6 per cent. The results for the first half of 2025 show an increase of 21 per cent y-o-y. By type of fixed assets, this growth is mainly due to investments in the residential sector (+27.6 per cent y-o-y) and in machinery and equipment (+24 per cent y-o-y). Notably, investments in intangible assets (software, research and development, licences, trademarks, etc.) have doubled, reflecting bolder efforts by companies to transition towards a more knowledge-intensive and digitised economy with higher productivity potential. In terms of funding sources, the increase was primarily driven by investments financed from companies' own resources (+25.9 per cent y-o-y), which cover about 70 per cent of total investments, as well as by domestic loans and borrowings (+35.6 per cent). At the same time, investments financed from foreign sources (-5 per cent y-o-y) and local budgets (-10 per cent) declined. Overall, the positive momentum in fixed asset investment is expected to continue in the second half of the year. This will be largely sustained by the intensification of investment efforts by the local private sector, supported by lower financing costs, and by the significant private investments in land over the last two years, which are likely to generate new residential projects, capacity expansions, logistics and industrial parks, and renewable energy developments. At the same time, an analysis of investment dynamics by ownership type compared to 2019, before the onset of the multiple crises Moldova has recently faced, shows a visible slowdown in investment activity by foreign and mixed-capital enterprises, while local private capital has acted as the main anchor maintaining overall investment activity. The limited engagement of foreign capital, amid security risks related to the war in Ukraine, remains one of the main factors behind Moldova's modest economic development in recent years.

9 *https://www.legis.md/cautare/getResults?doc_id=130976&lang=ro*

Figura 6

Investments in fixed assets by form of ownership, year 2019=100



Source: Author's calculations based on data from the National Bureau of Statistics

Analysis of the main trends and developments in the financial sector

The banking sector remains stable and resilient, with financial intermediation continuing to improve, driven mainly by the expansion of lending to households. As at 31 July 2025, the capital adequacy ratio of the banking sector stood at 25.1 per cent, down by 1.3 percentage points since the beginning of the year but still well above the minimum legal requirement of 10 per cent. The decline in this indicator is primarily explained by the permission granted to banks to distribute dividends. The liquidity coverage ratio (LCR)[10] exceeds 237 per cent, while its minimum value is set at 100 per cent. As a result of the easing of multiple crises and the expansion of lending activity, the quality of the banking sector's loan portfolio improved in 2024, with the share of non-performing loans decreasing by 1.4 percentage points to 4.15 per cent. However, since the beginning of this year, there has been a slight deterioration in the portfolio, by 0.9 percentage points, reaching 5.1 per cent, mainly due to a 3.3 percentage point increase in the non-performing mortgage rate, against the backdrop of exemptions from the general responsible lending framework through the government's "Prima Casă Plus" programme. In addition, 2024 and the first half of 2025 saw an intensification of financial intermediation. The loans-to-deposits ratio increased from 0.56 in 2023 to 0.63 in 2024, and progress in this regard has been even more notable since the beginning of 2025, reaching 0.72 in July. This expansion in credit penetration was largely driven by households, with the share of lending to individuals relative to GDP rising from 8.7 per cent at the beginning of 2024 to 12.6 per cent in July 2025. Although intermediation levels remain below their potential—still short of the historical high of 0.81 recorded in 2013—the parameters to be targeted are expected to be even higher. From a legislative and institutional perspective, the most significant developments during the period under review include the following: i) the acceptance of the Republic of Moldova's application to join SEPA, which became operational in October 2025; ii) the implementation of the MIA Business platform, which after its first year has attracted over 3,000 companies, integrating the P2B functionality within the MIA Instant Payments system, now used across approximately 7,000 acceptance points nationwide; and iii) the approval of the National Strategy for the Development of the Capital Market in the Republic of Moldova for 2025–2030. The latter aims to foster the development of new financial instruments and diversify investment options—particularly through mortgage bonds, green bonds, and project bonds—while enhancing companies' access to long-term financing, improving awareness of available capital market instruments, and strengthening the overall financial intermediation sector.

10 *Calculated as the ratio of cash reserves to net cash outflows during a 30-day crisis period.*

The volume of new loans granted increased despite the restrictive monetary policy in the first part of 2025, while depositors opted for longer maturities in pursuit of higher returns. After a modest 8.0 per cent y-o-y increase in the volume of new loans granted in 2023, 2024 marked a strong revival in lending activity, with growth of 34 per cent y-o-y. This was largely driven by the recovery in lending to households, which rose by 67.7 per cent y-o-y, as well as by lending to legal entities, with a 22.7 per cent increase y-o-y in the value of new loans granted to the latter. The results for the first seven months of 2025 confirm this upward trend, with a 31.8 per cent increase in the volume of new loans granted by the banking sector. In January–July, lending to businesses in national currency rose by 34.0 per cent y-o-y, while lending in foreign currency increased by 23.6 per cent. Over the same period, household lending grew by 49.0 per cent y-o-y, including a 29.8 per cent increase in consumer loans and a 1.9-fold increase in mortgage loans. The value of new loans granted to companies in January–July 2025 also rose by 25.0 per cent. Lending continued to expand despite the tightening of the National Bank of Moldova's monetary policy since the beginning of 2025, with successive increases in the base rate from 3.6 per cent to 6.5 per cent. Banks were cautious in adjusting interest rates, avoiding abrupt changes. As a result, the average interest rate on new loans in MDL rose gradually, from 8.26 per cent in December 2024 to 9.35 per cent in July 2025. Market behaviour on the deposit side was closely correlated with monetary policy developments. After two consecutive years of decline in the value of new deposits accepted—by 5.2 per cent in 2023 and 8.0 per cent in 2024—the trend reversed in the first seven months of 2025, with an increase of 31.2 per cent y-o-y. This evolution reflects the adjustment of interest rates, as the average rate on new deposits in MDL increased from 3.24 per cent in December 2024 to 4.81 per cent in July 2025. Another notable trend is the shift in the deposit maturity structure in favour of longer terms. In the first seven months of this year, 59 per cent of new deposits were placed for periods exceeding 12 months, compared to only 38.2 per cent in 2024.

Analysis of the main trends and developments in the business environment

International ratings indicate that the Republic of Moldova is making notable progress in areas such as integrity and gender equality, while performance remains uneven in terms of competitiveness and economic freedom. The country continues to rank among the top performers in the latest editions of Transparency International's Corruption Perceptions Index,[11] reflecting steady improvements in public sector transparency and anti-corruption efforts,[12] with an 11-point increase between 2019 and 2024 and a jump from 120th to 76th place in the 2024 ranking. In this context, Transparency International points out that Moldova has improved its score following the establishment of a specialised anti-corruption court and broader judicial reform efforts under President Maia Sandu, which "led to large-scale prosecutions, including cases involving officials involved in corruption and illegal party financing, signalling progress in combating impunity for corruption". At the same time, the 2025 edition of the Global Innovation Index,[13] which is based on seven pillars—infrastructure, business sophistication, human capital and research, market sophistication, knowledge and technology outputs, creative outputs, and institutions—ranks the Republic of Moldova 74th out of 139 economies analysed, a fall of six places in the ranking since 2024. Data analysis[14] shows that Moldova performs better on outputs (62nd place) than on inputs (89th place), but both are down compared to 2024. The country profile indicates that Moldova is relatively effective at translating limited investments into innovation outcomes, but it still needs to reinforce its foundational pillars—institutions, infrastructure, market sophistication, and business environment—to improve its position in the rankings. In addition, the 2025 edition of the Index of Economic Freedom, compiled by the Heritage Foundation, assigns Moldova a score of 58.3,[15] ranking the country 97th globally. After three consecutive years of decline, 2025 marked a reversal of the trend. Compared to the previous year, Moldova improved its overall score by 1.2 points but it still remains in the "Less Free" category. The increase in the 2025 edition was largely driven by improvements in business freedom, government integrity, and monetary freedom. Only two of the 12 indicators that make up economic freedom—government spending and the tax burden—recorded declines, a reflection of the relatively high budget deficit. In 2025, the Republic of Moldova entered the Top 10 of the Global Gender Equality Index for the first time, ranking seventh, with a total score of 81.3 per cent, up 2.3 percentage points from 2024—one of the most notable improvements global-

12 *https://www.transparency.org/en/cpi/2024/index/mda*
13 *https://www.wipo.int/web-publications/global-innovation-index-2025/assets/80937/global-innovation-index-2025-en.pdf*
14 *https://www.wipo.int/gii-ranking/en/republic-of-moldova*
15 *https://www.heritage.org/index/pages/country-pages/moldova*

ly. This progress was mainly driven by political empowerment (+7.5 percentage points to 42.5 per cent), supported by the increase in the proportion of women in government (from 21.4 per cent to 35.7 per cent) and the continuity of a female head of state, while economic participation rose by 1.6 percentage points. The education dimension remained almost unchanged, with a slight decrease in secondary enrolment, and the health dimension remained stable. Overall, Moldova is among the economies that have reduced the gender gap by more than 2 percentage points in a single year, compared to the global average of 68.8 per cent parity. However, gender-based wage gaps remain a challenge, standing at 15.6 per cent.[16] There is a need for in-depth research to determine the extent to which wage differences result from gender discrimination and the extent to which they are due to different specialisations (for example, more men work in IT, while more women work in education).

Data on budget revenues, relative to economic growth, indicate that some progress has been made in broadening the tax base and improving tax compliance. For instance, the share of compulsory insurance contributions and premiums in GDP increased from 9.02 per cent in 2021 to 10.37 per cent in 2024, while the share of taxes and duties rose from 20.4 per cent in 2021 to 21.15 per cent in 2024. At the same time, 2024 also recorded the highest share of profitable companies in the last 15 years–54.7 per cent. The State Tax Service's voluntary compliance programmes, the State Labour Inspectorate's efforts to combat undeclared work, and measures such as the gradual expansion of information system "Electronic Sales Monitoring" have contributed to improved public revenue collection. Similarly, the reform prohibiting patent-based activities in domestic trade, implemented in 2023, had a significant impact: over 80 per cent of former patent holders in commerce switched to the tax regime for self-employed individuals. As a result, the number of people trading under the self-employment regime increased 3.4 times compared to 2022, reaching 6,527 individuals.[17] The income reported by individuals engaged in independent activities rose from MDL 234 million in 2022 to MDL 1,074 million in 2024. Similarly, the amount of income tax paid by individuals performing independent activities in 2024 reached MDL 20.8 million, six times higher than in 2022.

Renewable energy is becoming increasingly prominent in consumption, entrepreneurship, and lending. In 2024, electricity from renewable sources accounted for 16.7 per cent of total energy consumption, up from 9.2 per cent in 2023 and only 3.1 per cent in 2020, with the annual average for 2025 expected to exceed 20 per cent of total consumption. This progress is largely driven by the significant expansion of installed renewable energy capacity: by the end of July 2025, total installed capacity reached 784.09 megawatts (MW), 7.4 times higher than in 2020. The implementation of Law No. 10/2016 on the promotion of renewable energy use has created new opportunities for economic development through support mechanisms, contributing to a more sustainable and competitive energy sector, diversification of energy sources, reduced import dependence, and a safer energy model. Additionally, the results of the first renewables auction have been published, with the Auction Commission designating winners for the construction of large wind and photovoltaic parks totalling 165 MW. These projects are expected to attract around EUR 200 million in investment over the next three years, contribute approximately 7.5 per cent to annual electricity consumption, and create over 400 jobs. Rising energy prices and government incentives have stimulated interest in renewable energy from both households and entrepreneurs. For instance, 39 per cent of the total loan portfolio granted through the "373" government programme was directed towards renewable energy. The number of SMEs reporting under the NBS category "Energy production and supply" increased from 186 in 2021 to 501 in 2024, while their sales rose from MDL1.1 billion to MDL 3.8 billion over the same period.

From 1 January 2026, the business ecosystem will feel the impact of the "Freelancer Law", which has the potential to formalise the sector, but may also lead to some jobs within companies being replaced by independent collaborations. In July 2025, Parliament passed a bill regulating the independent economic activity of individuals (freelancers), offering them a simplified tax regime without the need to register as a legal entity. Under this regime, freelancers will pay a single tax of 15 per cent (covering income tax, social contributions, and health insurance, up to a ceiling of MDL 1.2 million per year), without the obligation to keep accounting records or submit reports. Law No. 228 of 10 July 2025, amending certain legislative acts on the independent economic activity of individuals, enters into force on 1 January 2026. This tax regime has the potential to bring more people from the informal economy into the formal sector. However, its success is not guaranteed and depends on the capacity of institutions to implement it effectively and ensure fair compliance. There are significant risks that some employment contracts could be replaced by independent collaborations, or that individuals using this tax regime may understate their income.

16 *https://progen.md/inegalitatea-salariala-intre-femei-si-barbati-in-moldova-2024-cat-le-costa-pe-femei-diferentele-in-remunerare/*
17 *https://monitorul.fisc.md/numarul-contribuabililor-persoane-fizice-ce-desfasoara-activitati-independente-este-in-crestere/*

Policy recommendations

1. **Maximise the benefits of the EU's Growth Plan for Moldova by increasing transparency and ensuring good governance and effective inter-institutional coordination.** In October 2024, the European Commission proposed a EUR 1.9 billion Growth Plan for Moldova, supported by the Reform and Growth Facility for the period 2025–2027. To ensure this comprehensive financial support package has the maximum impact, it is crucial for national institutions to consolidate their efforts to ensure timely implementation of the actions in the Reform Agenda, which is a mandatory condition for the disbursement of resources. At the same time, governance in the administration of investment projects needs to be strengthened, following Organisation for Economic Co-operation and Development (OECD) best practices, to increase resource-use efficiency and minimise political patronage. As outlined in the Growth Plan, it is essential that the project selection and implementation process be transparent and participatory.

2. **Maintain constant consultation with companies on the implementation of the Acquis Communautaire and on how they can benefit from the impactful transformations expected from the acquis, including by providing companies with informational and other support.** Alignment with EU standards will have complex and multidimensional effects on the private sector. On the one hand, it entails higher compliance costs and increased competition. On the other hand, it offers opportunities such as access to new markets, financing, technologies, and innovations. It is critical that the private sector prepares for these changes and leverages the opportunities of EU accession. The costs of compliance with European rules can be substantial, particularly for SMEs, which may struggle to allocate sufficient financial and administrative resources to this area. To avoid presenting companies with a fait accompli, the adoption of EU rules into national law should not be mechanical. The main obstacles must be identified and communicated to the business community in advance, and support for adaptation must be provided —including through pre-accession funds.

3. **Increase the relevance of higher education and vocational-technical education to the labour market.** This can be achieved through several measures: i) expanding dual education and partnerships with the private sector; ii) diversifying qualifications offered in dual format according to local and regional economic needs; iii) finalising the regulatory framework on partial qualifications (micro-qualifications) and regulated professions, and promoting the certification of professional skills acquired in the workplace (non-formal and informal education); and iv) aligning state procurement with forecasts of specialist shortages in education, engineering, information and communications technology (ICT), and other priority sectors.

4. **Prepare the privatisation of state assets in accordance with the Strategy on State Property Management, including attracting foreign investment.** A successful privatisation process requires publishing the results of the screening of state-owned companies and clearly explaining to the public which companies are to be privatised and why. Active collaboration between the Public Property Agency and the Investment Agency is also needed to develop investment profiles and promote them. Institutional adjustments, including the reorganisation of the Public Property Agency to meet functional requirements, and transparency improvements—such as resuming the submission of the annual report on public property administration and privatisation to Parliament—are essential.

5. **Support increased competitiveness of Moldovan exports, in order to reduce trade and current account deficits. In recent years, Moldova has recorded increasing current account deficits, driven by the trade balance, highlighting persistent structural problems related to competitiveness that exacerbate deficit pressures.**[18] To improve the situation, exporters should be supported through a range of measures, including the following: i) the development of guarantee instruments for exporters; ii) fully liberalising freight and passenger transport between Moldova and the EU, or, in the short term, at least increasing the number of CEMT multilateral authorisations to enhance domestic goods' access to and competitiveness on the EU market; iii) investing in quality infrastructure to facilitate local producers' access to foreign markets; iv) prioritising foreign direct investment that can promote technology transfer and increase the productivity and sophistication of manufactured goods; and v) reviewing state policies that have had adverse effects on exports.

18 *https://www.euromonitor.md/export-de-servicii-it-sau-de-mere-nota-de-pozitie-privind-posibilitatile-de-remediere-a-deficitului-excesiv-de-cont-curent-al-republicii-moldova/*

6. **Stimulating innovation, digitization, and artificial intelligence as drivers of economic competitiveness.** Global Innovation Index data show that, although our country efficiently converts limited investments into innovative results, it lags behind other economies in the fundamental pillars of the innovation ecosystem — infrastructure, human capital and research, market sophistication, and support institutions. In this regard, it is necessary to strengthen the financing of research and development (R&D) activities, including by increasing the capacity to access European initiatives in which the Republic of Moldova has the opportunity to participate (e.g., Horizon Europe). At the same time, promoting public-private partnerships in innovation, digitization, and artificial intelligence, and capitalizing on the opportunities offered by membership in initiatives such as the European High Performance Computing Joint Initiative, can accelerate the transition to a knowledge-based economy. Finally, expanding grant programs for companies that implement innovations and creating regional innovation hubs that connect academia, companies, and public administration can increase the ability of companies to compete in international markets.

Table 2

The main indicators monitored regarding the economy of the Republic of Moldova

	2022	2023	2024	2025 *estimated*
Agricultural production, y-o-y, %	-29,2	24,5	-14,6	8
Industrial production, y-o-y, %	-5,1	-3,6	-1,1	5
Gross value added from retail and wholesale trade, y-o-y, %	-3,3	-5,8	0,4	1
Construction volume, y-o-y growth, %	-15,1	-3,0	3,8	30
Gross fixed capital formation, y-o-y growth, %	-10,5	0	8	20
Foreign direct investment inflows, y-o-y growth, %	51,4	-39	-6,7	10
Consumer price index, y-o-y growth, %	28,7	13,4	4,7	6,8
New loans granted, y-o-y growth, %	5,9	8	34	27
New deposits attracted, y-o-y growth, %	57,5	-5,2	-8	25
Own funds ratio, %	29,3	29,9	26,3	n.a.
Share of non-performing loans in total loans, %	6,4	5,6	4,15	n.a.
Liquidity coverage ratio (LCR), %	235	282	274	n.a.
Long-term liquidity, %	0,67	0,69	0,76	n.a.
Share of innovative enterprises, %	11,4	n.a.		n.a.
Exports of goods and services, y-o-y, %	37,8	-6,5	-12,2	0
Imports of goods and services, y-o-y, %	28,5	-5,9	4,5	10
Economic freedom index, score	61,3	58,5	57,1	58,3
Global Innovation Index, ranking position	56	60	68	74
Global Gender Equality Index, ranking position	16	19	13	7

Source: Authors' calculations, based on data taken from: http://statistica.gov.md, http://www.bnm.md, https://www.heritage.org/index/.

People

In the first half of 2025, wages continued to increase, although the pace of real wage growth slowed amid accelerating inflation and general economic stagnation. At the same time, real pensions and remittances declined in value. The average old-age pension and the average monthly childcare allowance exceeded both the average subsistence minimum and the absolute poverty threshold; however, the average monthly disability pension did not cover the subsistence minimum and remained well below the absolute poverty threshold. Weak income dynamics and a decline in the employment rate led to an increase in monetary poverty indicators. Thus, in 2024, the absolute poverty rate rose by 2 percentage points compared to 2023, reaching 33.6 per cent. Families with three or more children, persons with disabilities, and individuals with general secondary and vocational secondary education were the most affected groups. Despite weak income trends, in the first half of 2025, household final consumption showed a considerable increase, associated with a significant rise in the volume of loans granted to individuals, creating a risk that the credit boom could heighten the financial vulnerability of families. Despite the increase in the volume of mortgage loans granted, access to housing has become more difficult, because of rigid supply.

Analysis of the main trends and developments

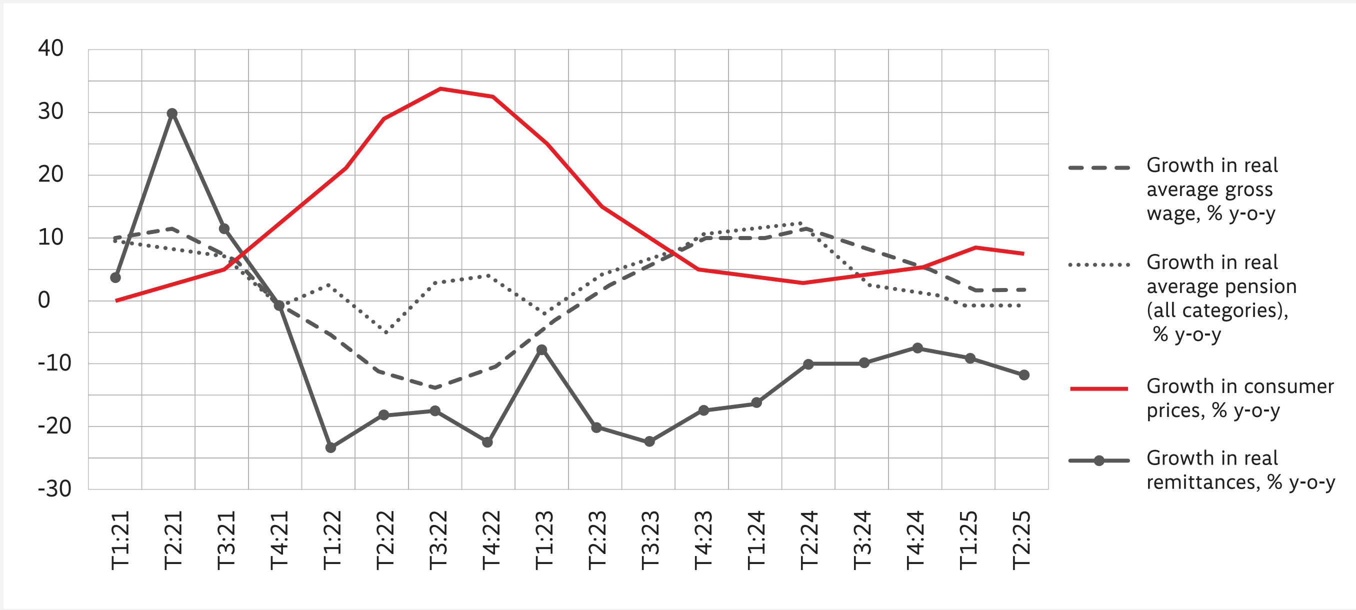
Taking account of the factors that exert the greatest influence on monetary and multidimensional poverty indicators, public policy priorities should focus on the following areas: Although in 2024 the average annual inflation rate was 4.7 per cent, in 2025 the annual consumer price growth accelerated significantly (8.8 per cent in Q1 2025 and 8.0 per cent in Q2 2025). Consequently, even though nominal wages increased by about 10 per cent compared to 2024, their real growth was modest—1.7 per cent in Q1 2025 and 1.9 per cent in Q2 2025 (Figure 7). In Q2 2025, the average gross nominal wage reached MDL 15,471 (EUR 790). The average real pension (old-age, disability, etc.) decreased by 0.6 per cent in Q1 2025 and by 0.3 per cent in Q2 2025, despite an approximate 8 per cent increase in the nominal value, which amounted to MDL 3,988 (EUR 204) as at 1 April 2025.

Remittances maintained their downward trend for several consecutive years, both in nominal terms (-3 per cent in the first half of 2025 compared to the first half of 2024) and real terms (-9 per cent in Q1 2025 and -11 in Q2 2025). This decline persisted even in the context of continued emigration in recent years, with net emigration from the Republic of Moldova reaching 63,573 people in 2022, 32,567 in 2023, and 32,100 in 2024. The fall in remittances can be attributed to a number of reasons, such as: (1) low demand for labour in European countries combined with the cost of living crisis, which makes Moldovan migrant workers send less money from abroad; (2) loss of transport and banking connection with Russia, where Moldovan workers used to go for seasonal jobs; (3) reunification of families: over time, migrant workers settle abroad and bring their families with them; (4) changes in emigrants' profile. In earlier years, emigration from Moldova mainly comprised the rural population and was primarily driven by economic reasons. Recently, intentions to emigrate have become the strongest among well-off city dwellers (according to the Generations and Gender Report, 24 per cent of urban population in the 5th income quintile intended, in 2020, to move abroad in the following 3 years, while only 11 per cent of rural population in the 1st and 2nd quintiles had such intentions[19]). Since richer urban emigrants leave the country for reasons other than the need to provide for their families (such as, for instance, dissatisfaction with public services and institutions or security concerns), they are therefore less prone to sending remittances home.

19 https://moldova.unfpa.org/sites/default/files/pub-pdf/raportul_studiului_generatii_si_gen_realizat_de_unfpa.pdf

Figure 7

Consumer Price Index (CPI) and real incomes of the population, y-o-y growth, %

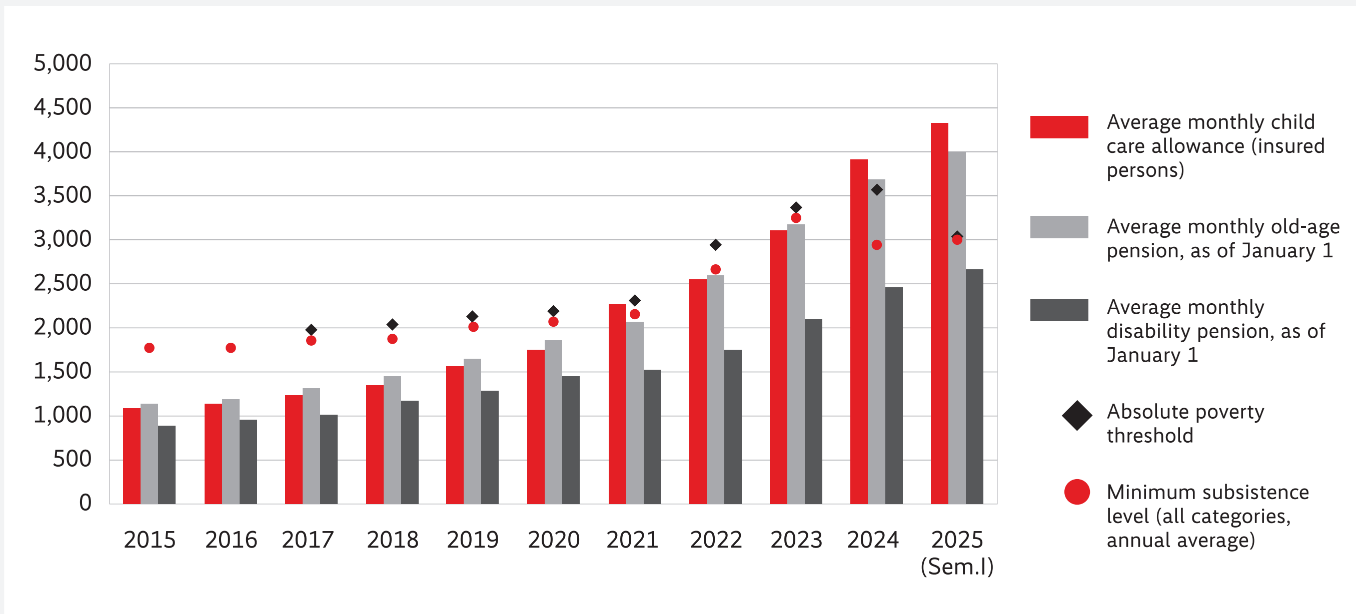


Source: Authors' calculations based on NBS and National Bank of Moldova data.

In 2024, the average old-age pension and the average monthly childcare allowance exceeded both the subsistence minimum and the absolute poverty threshold, while the average monthly disability pension remained below the subsistence minimum and well under the absolute poverty threshold (Figure 8). The wage replacement rate through pensions remained low, at 27 per cent in Q1 2025—significantly below the 40 per cent benchmark stipulated in International Labour Organization Convention No. 102 concerning Minimum Standards of Social Security.[20]

Figure 8

Amount of main types of pensions and allowances, MDL



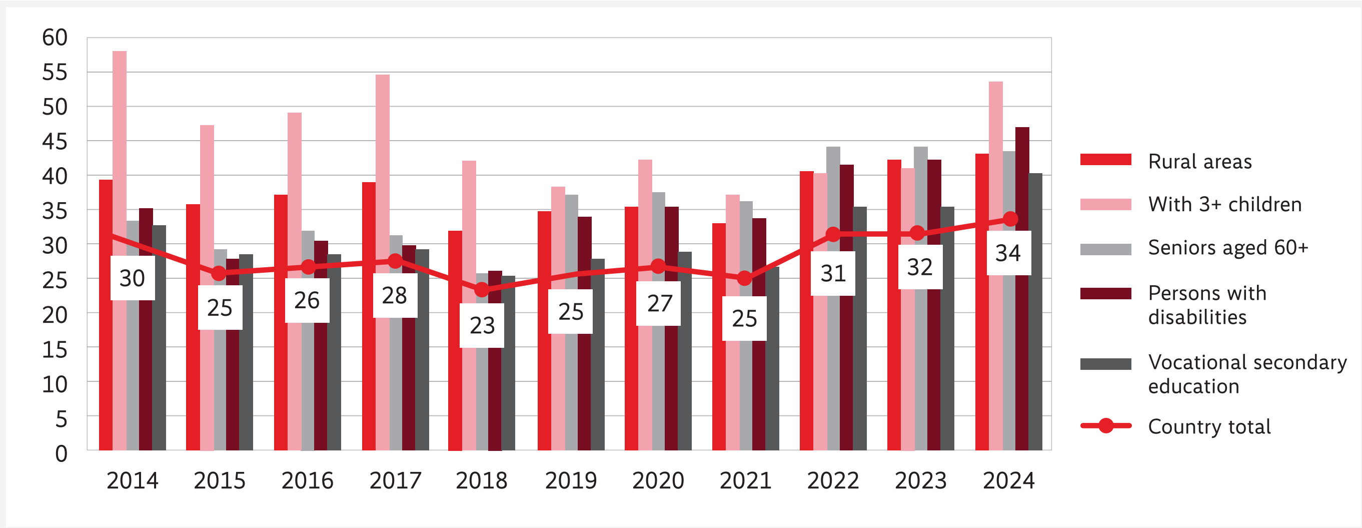
Source: NBS data.

20 https://normlex.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C102

Because of stagflation—with economic growth of only 0.1 per cent in 2024 and consumer inflation reaching 7.0 per cent at the end of the year—the absolute poverty rate[21] increased by 2 percentage points compared to 2023, reaching 33.6 per cent. The evolution of poverty indicators varied significantly across different population groups. Families with three or more children were the most affected, as the absolute poverty rate increased by 12.3 percentage points in just one year, from 40.9 per cent to 53.2 per cent (Figure 9). People with disabilities were also disproportionately impacted, with the absolute poverty rate for this group rising by 4.7 p. p., from 42.0 per cent to 46.7 per cent, amid inadequate disability pensions. In terms of education, the poverty rate increase was most pronounced among blue-collar workers with secondary vocational education (+4.9 p.p., up to 40.0 per cent). By contrast, among white-collar workers (those with higher education), the absolute poverty rate fell by 0.9 p.p. to 10.3 per cent, although it remained twice as high as in 2021. The poverty rate increased more among men (+2.4 p.p., to 33.5 per cent) than among women (+1.8 p.p., to 33.8 per cent), which may be linked to the decline in the employment rate among men (aged 15 and over) from 47.1 per cent in 2023 to 45.9 per cent in 2024. Meanwhile, the employment rate among women rose slightly, although it remained lower than that of men (40.0 per cent). It is worth noting that employment itself is not a safeguard against poverty: according to the Household Budget Survey, in 2024 about 30 per cent of employed persons had a disposable income per capita below MDL 3,500 per month—below the absolute poverty threshold established for that year.[22]

Figure 9

Absolute poverty indicators, %



Source: NBS data.

The finding that the effects of monetary poverty are unevenly distributed is also supported by the findings of the Public Opinion Barometer. Thus, the Public Opinion Barometer conducted in October 2024[23] showed a simultaneous increase in the share of respondents who were very or fairly satisfied with their financial situation (from 32 per cent in 2023 to 36 per cent in 2024) and in the share of those who were not at all satisfied (from 30 per cent in 2023 to 33 per cent in 2024), indicating a growing polarisation of society in terms of income.

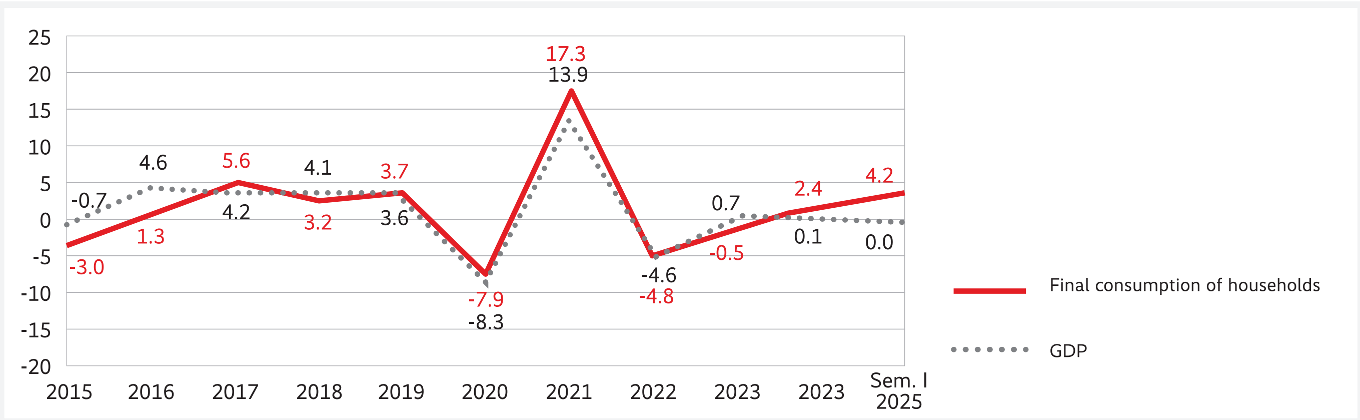
Although real wages increased, this rise did not have a significant effect on average welfare because the employment rate declined. According to the Labour Force Survey, in Q2 2025 the employment rate among people aged 20–64 fell by 3.1 percentage points compared to Q2 2024, reaching 54.2 per cent. According to the available data for Q1 2025, the number of people employed decreased notably in public administration, education, health and social assistance (-12 per cent compared to Q1 2024), agriculture, forestry and fishing (-14 per cent), industry (-10 per cent), and construction (-13 per cent). In contrast, employment increased in transport and storage, and information and communications (+14 per cent). Overall, the employed population decreased by 73.300 people compared to Q2 2024—not due to rising unemployment, but as a result of growing inactivity: the number of unemployed persons fell by 2.100, while the inactive population aged 15 and over increased by 49.900. The main reasons for this rise in inactivity, according to the available data for Q1 2025, were the increase in the number of people working abroad or intending to go abroad (+26 per cent), the number of pensioners (+3 per cent), and the number of pupils and students (+7 per cent).

21 The absolute poverty rate represents the share of the population whose monthly consumption expenditure is below the absolute poverty threshold set for that year–MDL 3,493 in 2024.
22 https://statistica.gov.md/files/files/publicatii_electronice/aspecte_nivelul_trai/Publicatia_CBGC_editia_2025.pdf
23 http://bop.ipp.md/

Despite economic stagnation and negative income dynamics—including slowing real wage growth, declining real pensions and remittances—final household consumption in the first half of 2025 recorded a considerable real increase of 4.2 per cent (Figure 10). This rise in consumption was associated with a strong increase in new loans granted by banks to individuals: +53 per cent in the first half of 2025 compared to the first half of 2024, even though average interest rates did not decline significantly (10.1 per cent in the first half of 2024 and 9.2 per cent in the first half of 2025). The growth in loans was mainly driven by mortgage lending, whose volume doubled, while consumer lending also recorded a substantial increase (+32 per cent compared to the first half of 2024) (Figure 11). The expansion of lending to individuals amid weak income dynamics may create risks of over-indebtedness: although the law sets a maximum ceiling of 40 per cent for the ratio between monthly loan payments (principal, interest, etc.) and family income, the "Prima Casă Plus" programme has raised this ceiling to 70 per cent, making an exception to the general conditions.[24] For this reason, there is a risk that the credit boom could increase the financial vulnerability of households in the event of disruption in the capital or labour markets. In fact, as mentioned above in the "Companies" section, the rate of non-performing mortgage loans is already on the rise: since the beginning of 2025, it has increased by 3.3 percentage points to 4.5%. It should also be noted that government programmes such as "Prima Casă" and "Prima Casă Plus" have supported housing demand without addressing supply constraints, contributing to price increases. As a result, access to housing has become more difficult in recent years, with residential property prices doubling compared to 2019—the residential property price index reached 222 per cent in Q2 2025 (2019=100 per cent).

Figure 10

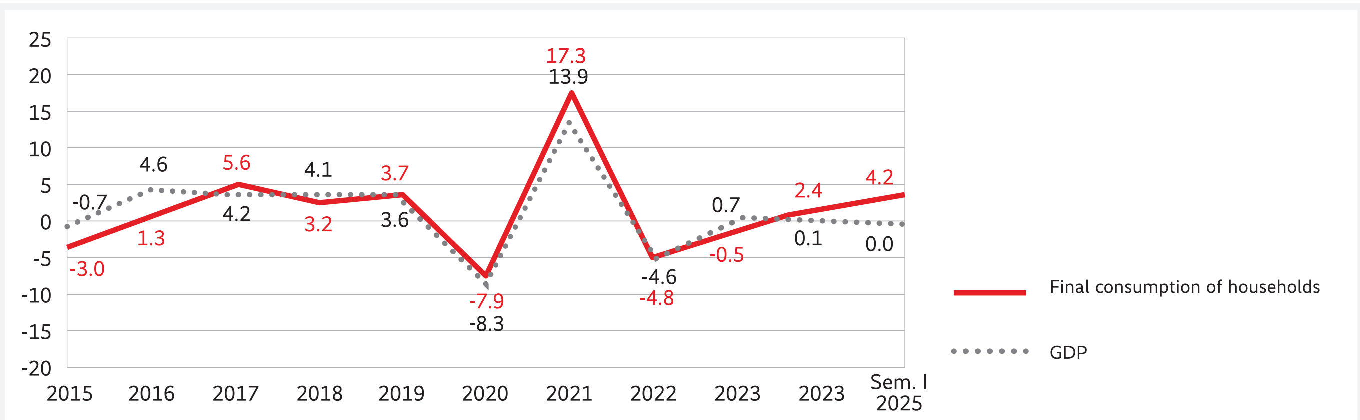
GDP and final consumption of households, physical volume indices, y-o-y, %



Source: NBS data.

Figure 11

Volumes of new loans granted to individuals by licensed banks, million MDL



Source: NBS data.

24 https://www.legis.md/cautare/getResults?doc_id=144460&lang=ro#

Policy recommendations

With regard to minimum wages, the adoption of the legal framework required for the transposition and implementation of the *EU Directive 2022/2041* on adequate minimum wages in the European Union must be completed. According to the Directive, statutory minimum wages should exceed 60 per cent of the gross median wage or 50 per cent of the gross average wage. For Moldova, this would imply a minimum wage of MDL 7,735 per month (based on the situation in Q2 2025). In practice, as at 1 January 2025, the minimum wage was MDL 5,500, representing only 36 per cent of the average wage.

To address acute poverty among persons with disabilities, disability pensions need to be increased by at least 15 per cent to reach the subsistence minimum (MDL 3,050 in the first half of 2025). Furthermore, the personal income tax exemption (currently MDL 2,475 per month for individuals with incomes below MDL 360,000 per year) and the exemption for dependents (currently MDL 825 per month) should be raised to at least the minimum subsistence level.

To encourage wage growth and formalise undeclared work, it is necessary to approve an automated mechanism for subsidising wage increases. In 2022, the Ministry of Labour and Social Protection proposed a draft law providing for the subsidisation of wage increases of more than 50 per cent for a period of two years.[25] For employers, the draft law provided for the reimbursement of the contribution to the Social Fund corresponding to the wage increase, and for employees, exemption from paying the contribution to the Compulsory Health Insurance Fund corresponding to the wage increase.

To increase worker mobility between sectors and professions, it is necessary to make training expenses incurred by individuals themselves tax deductible; currently, only expenses incurred by employers for employee training are deductible.

Raising labour productivity and improving workers' ability to adapt to changing economic and technological conditions will require increased funding for government programmes aimed at retraining and upskilling the unemployed.

To increase labour availability, active measures are needed to employ people with parental or elderly care responsibilities, including the following:

→ Creating and expanding public childcare services, funded from sources other than local budgets, and subsidising parents' expenses for private childcare services where public services are not available.

→ Mandatory operation of extended day groups in public primary education institutions in all localities (not at the discretion of local public authorities). Currently, the Regulation on the Organisation and Functioning of Extended Day Classes/Groups allows local authorities, in agreement with educational institutions, to decide whether to organise such groups. In practice, local authorities often choose not to open them, limiting parents' ability to work.

→ Developing formal care services for the elderly, including nursing homes and home-based social care services.

Housing affordability must be addressed from the perspective of supply, not only demand (as in the "Prima Casă" programmes). This involves reducing administrative barriers to the issuance of building permits (while complying with urban planning regulations), investing in infrastructure (water and sewerage networks, electricity, gas, public transport, social infrastructure), and constructing social housing.

In fiscal policy, it is recommended to avoid increasing the VAT rate to reduce the budget deficit, as was recently done in Romania, because indirect taxes are regressive and disproportionately affect lower-income households. Priority should be given to reviewing property taxes, which are currently negligible in Moldova. In the first half of 2025, national public budget revenues from property taxes amounted to only MDL 347 million, representing less than 1 per cent of total tax revenues, compared to an EU average of 4.5 per cent.

25 *https://particip.gov.md/ro/download_attachment/17648*

Tabelul 3

Key indicators monitored regarding the well-being of the population

	2021	2022	2023	2024
GDP growth, %	13,9	-4,6	1,2	0,1
GDP per capita (% of Central and Eastern European EU average)	24,7	26,7	27,8	31,3
Population's perception of well-being (Public Opinion Barometer): percentage of those who are very and fairly satisfied with their income (%)	23,6	27,1	32,3	36,2
The population's perception of well-being (Public Opinion Barometer): percentage of those who are not at all satisfied with the money they have (%)	42,2	28,5	29,8	33,3
Employment rate (%)	39,8	40,5	43,1	42,7
Women	35,4	36,8	39,7	40,0
Men	44,7	44,7	47,1	45,9
Unemployment rate (%)	3,2	3,1	4,6	4,0
Women	2,5	2,6	4,2	4,1
Men	3,8	3,5	5,0	3,8
Rata sărăciei absolute (%)	24,5	31,1	31,6	33,6
Women	24,7	31,4	32,0	33,8
Men	24,3	30,8	31,1	33,5
Wage growth, % y-o-y	13,1	16,3	16,9	14,6
Net emigration, persons	*45.413*	*63.573*	*32.567*	*32.100*
Remittances, USD, % y-o-y	*13,8*	*-3,5*	*-2.0*	*-4,5*
Gini coefficient (based on total disposable income)	*0,33*	*0,32*	*0,34*	*0,34*
Growth in household consumption in real terms (% y-o-y)	*17,3*	*-4,8*	*-1,7*	*2,4*
Disposable income of the population, monthly average per person, MDL	*3510*	*4253*	*4916*	*5284*
Women (head of household)	*3395*	*4039*	*4656*	*5083*
Men (head of household)	*3566*	*4362*	*5051*	*5396*
Human Development Index	*0,767*	*0,763*	*0,785*	-
Life expectancy at birth, years	*69,0*	*68,6*	*71,2*	-
Expected years of schooling	*14,4*	*14,9*	*14,6*	-
Average years of schooling	*11,8*	*11,8*	*11,8*	-
Gross national income (GNI) per capita (PPP USD)	*14.875*	*12.964*	*15.867*	-
Public expenditure on education (% of GDP)	*5,5*	*5,8*	*6,2*	*6,1*
Public expenditure on healthcare (% of GDP)	*5,6*	*5,0*	*5,3*	*5,6*
School dropout rate among pupils aged 7–16 (%)	*0,070*	*0,080*	*0,078*	*0,092*
Homes connected to the public water supply network (%)	*71,8*	*74,0*	*75,5*	*76,7*
Homes connected to the public sewerage network (%)	32,8	31,8	36,5	37,9

Sources: NBS, Eurostat, National Bank of Moldova, Ministry of Finance, United Nations Development Programme, Public Opinion Barometer, authors' calculations.

Governance

The quality of governance is a fundamental element in assessing the state of a country, as the effectiveness of institutions, the transparency of decision-making, and the integrity of public administration determine both citizen trust and success in implementing reforms. This chapter reviews governance performance by examining whether decisions are made in the public interest rather than being made to achieve narrow political goals or to serve only a narrow segment of the electorate, the level of transparency and accountability in public financial management, and the capacity of institutions to prevent corruption and clientelism. Equally important are the effectiveness of public–private dialogue and the oversight role of Parliament, while the public perception of corruption and the quality of governance remain key indicators of the legitimacy and sustainability of reforms. Overall, the quality of governance reflects not only the proper functioning of state institutions but also the extent to which public policies align with European standards of integrity, efficiency, and predictability.

Analysis of the main trends and developments

The quality of governance is directly reflected in how public institutions make decisions, with transparency in the decision-making process being a crucial element for reforms and alignment with EU standards. This requires citizens to have access to information, as well as ensuring there is meaningful consultation with civil society and there are clear explanations of the decisions taken. The national regulatory framework, including Law No. 239/2008 on transparency in decision-making, sets out clear rules for publishing draft legislation, organising public hearings, and collecting proposals from stakeholders. According to the State Chancellery,[26] central public administration authorities have made progress in this regard. In 2024, all reporting institutions created sections on their websites dedicated to transparency in decision-making, publishing announcements of draft laws initiations (691 initiations, with 100 per cent compliance) and organising 714 public consultations, in which over 10,700 individuals or organisations participated. However, the process remains imperfect, as the results of consultations were published for only 45 per cent of draft laws, decisions taken were made public in only half of the cases, and published summaries included only 77 per cent of the recommendations collected, of which less than half (47 per cent) were actually accepted. At the same time, in 2024 the National Commission for Consultation and Collective Bargaining[27] met six times (the same pattern was recorded in 2025) to discuss various aspects of the legal framework for tripartite social dialogue and labour relations.

European integration remains the main driver of the government's actions. The Republic of Moldova has recently achieved notable progress in this regard, including through the following: (i) the holding of a constitutional referendum in October 2024, which enshrined EU accession as a constitutional objective; (ii) the completion of the bilateral screening of the chapters of the EU acquis; and (iii) the launch of the Growth Plan for Moldova for 2025–2027–a EUR 1.9 billion financial package aimed at accelerating reforms, infrastructure development, digitalisation, and economic convergence. However, challenges persist in key areas. The European Commission continues to expect accelerated reforms in public administration, including through a credible process of voluntary amalgamation at the local level.[28] At the same time, a comprehensive policy and legislative framework for the reorganisation of central public institutions needs to be developed and approved, accompanied by a clear roadmap for its gradual implementation and for the professionalisation of the civil service based on meritocratic principles. Budgetary discipline must also be strengthened by strictly adhering to the budgetary calendar and strengthening programme-based budgeting, as well as by defining programmes more precisely and reducing the share of expenditure generically classified under "General actions".

On the parliamentary front, following the end of the state of emergency, governance returned to a more predictable framework, although the actual involvement of stakeholders has remained limited in several areas. In

26 *State Chancellery of the Republic of Moldova (2025), 'Report on ensuring transparency in the decision-making process by central public administration authorities in 2024'. https://old.cancelaria.gov.md/sites/default/files/document/attachments/raport_tpd_apc_2024.pdf*

27 *The National Commission for Consultation and Collective Bargaining is the main institutional framework for tripartite social dialogue at the national level and plays an advisory role in the development of socio-economic strategies and policies, as well as in the prevention and resolution of conflicts between social partners.*

28 *European Commission (2024) 'Commission Staff Working Document, Republic of Moldova 2024 Report'. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX-:52024SC0698*

Parliament, a major imbalance persists between the ability to promote draft laws from the majority and those from the opposition, as, de facto, no draft law submitted exclusively by opposition MPs has been adopted. A positive development, however, is the reduction by approximately 20 per cent in the number of changes made to the agenda of plenary sessions compared to the 2022/2023 period, although such changes still affect the predictability and transparency of the legislative process. In terms of participation, while the average attendance rate of MPs at plenary sessions remains relatively high, at around 87 per cent, only between 63 and 74 MPs actually vote on each bill, raising questions about the real level of parliamentary engagement.[29]

The Republic of Moldova has made some progress in the areas of justice and anti-corruption, but new challenges have emerged, particularly regarding electoral corruption. Important steps have recently been taken in evaluating and appointing judges to the Superior Council of Magistrates and the Superior Council of Prosecutors, reflecting a commitment to strengthening the integrity of key justice system institutions. At the same time, the external evaluation process for judges continues to reveal significant structural issues: of the 130 evaluations completed by the end of June 2025, only 41 judges passed the integrity test, while 58 chose to leave the system, highlighting long-standing problems. A critical concern is the Supreme Court of Justice, where of the five sitting judges, only three agreed to be evaluated, and only one passed the evaluation. Recruitment of new candidates also faces obstacles, with some failing the evaluation of the Superior Council of Magistracy and others opting for alternative positions, creating a risk that the functioning of the country's highest court will be blocked and undermining the stability and predictability of the justice system. The prosecution service faces similar difficulties. After a period of relative stability, the position of Prosecutor General became vacant in May 2025, and no successor has been appointed to date. Alexandru Machidon continues to serve as interim head of the Prosecutor General's Office, even though he won the competition for the position of Prosecutor General. He has not yet obtained a validation report of the Vetting Commission of the ethical and financial integrity assessment. Additionally, the saga involving the Anti-Corruption Prosecutor's Office and the resignation of its chief prosecutor, combined with the absence of a Prosecutor General during a period marked by concerns about electoral integrity, pose significant risks. Recent elections have demonstrated the system's vulnerability to electoral corruption and the limited capacity of state institutions to respond promptly and effectively.

Moldovan society is facing a dangerous combination of electoral vulnerability and aggressive disinformation campaigns. Disinformation has become one of the main hybrid tools used against the Republic of Moldova[30]. Media channels and social networks are exploited by both internal and external actors, particularly the Russian Federation, to undermine trust in state institutions, weaken public support for European integration, and polarise society. Ahead of the parliamentary elections on 28 September 2025, disinformation campaigns became increasingly sophisticated, targeting sensitive issues such as energy prices, economic progress, social security, the war in Ukraine, and even individual electoral candidates. The lack of robust monitoring and rapid response mechanisms, the limited results from the Centre for Strategic Communication and Countering Disinformation, and low levels of media literacy among the population amplify the impact of these campaigns. At the same time, electoral corruption remains one of the most acute challenges for Moldovan democracy. The 2024 presidential elections and the 2025 parliamentary campaign highlighted widespread vote-buying and illegal financing by several electoral competitors. These shortcomings foster perceptions of impunity, perpetuating the phenomenon and undermining the legitimacy of the electoral process.

The fight against organised crime has intensified, but progress in combating financial crime and recovering assets remains slow. Several recent events with international resonance have highlighted the benefits of closer cooperation with European partners and strengthened cross-border investigation mechanisms. These include the arrest and extradition to French authorities of the former president of the Interpol File Control Commission, Vitalie Pirlog, and the arrest in Greece of the former leader of the Democratic Party, Vladimir Plahotniuc, widely regarded as the architect of large-scale illegal financial schemes and a symbol of the Moldovan oligarchy. These developments sent a clear signal regarding the state's ability to act, in partnership with European justice, against criminal networks and harmful influences on the country's political and economic life. However, a stark contrast remains between specific successes in dismantling organised crime groups and the slow pace of efforts to combat financial crime and recover assets. Despite the existence of specialised institutions, such as the Agency for the Recovery of Criminal Assets (ARBI), the results in regard to the effective recovery of criminal assets remain modest. Cases of money laundering, illegal party financing, and bank fraud—including the infamous "billion-dollar theft"—continue to weigh heavily on public confidence. Assets worth hundreds of millions of euros remain blocked in foreign jurisdictions or are lost due to the absence of effective mechanisms for identification, seizure, and recovery.

In 2025, the national judicial authorities demonstrated their independence in a high-profile case of political corruption. On 5 August 2025, Evghenia Gutul, Bashkan of the Gagauz-Yeri Autonomous Territorial Unit, was sentenced by the Buiucani District Court in Chisinau to seven

29 *Promo-Lex (2024) 'Monitoring the activity of the 11th Parliament, August 2023 - July 2024'. https://promolex.md/wp-content/uploads/2024/12/ro_monitorizarea-activitatii-parlamentului-de-legislatura-a-xi-a-august-2023--July-2024.pdf*

30 *https://www.zdg.md/video/video-era-falsurilor-de-ce-dezinformarea-este-un-pericol-pentru-securitatea-statului-si-cum-autoritatile-nu-lupta-cu-acest-fenomen-cazul-patriot-si-misterele-din-jurul-activitat/*

years' imprisonment. The court's decision relates to serious allegations of illegal financing of the "Șor" Party and violations in the administration of financial resources intended for political activities. According to investigators, between 2019 and 2022, Gutul allegedly coordinated the entry of funds from abroad—particularly from the Russian Federation—into the Republic of Moldova, which were subsequently used for election campaigns and to organise anti-government protests in 2022. The case carries both political and symbolic significance. As the leader of an autonomous region with a pronounced pro-Russian orientation, Gutul's conviction is viewed by the central authorities as providing evidence of their determination to combat external influence, corruption networks, and illegal political financing practices. At the same time, her supporters describe the trial as politically motivated, a perception that risks further polarisation of Moldovan society and increasing tensions between Comrat and Chisinau.

Economic governance is showing progress, in regard to establishing a functioning market economy. The authorities have reaffirmed their commitment to macroeconomic stability and ongoing structural reforms, demonstrating determination to align national policies with European standards and best practices. A central element of this process is the Reform Agenda of the Growth Plan for Moldova for 2025–2027, a strategic document outlining a series of actions aimed at improving the competitiveness of the economy. Key objectives include strengthening the competitive framework, developing infrastructure, improving access to finance, and enhancing consumer protection to align with EU rules and standards. This plan has a dual significance. On the one hand, it serves as a public policy tool that is designed to accelerate structural change by promoting innovation, digitalisation, and sustainability in the business environment. On the other, it functions as a mechanism for preparing the national economy to face competition in the European Single Market, increasing resilience to external shocks and the capacity to integrate into regional value chains. However, the success of the Reform Agenda depends on several critical factors: the coherence and consistency of implementation, the capacity of institutions to manage European financial resources allocated through the Growth Plan, and the active involvement of the private sector and civil society in monitoring progress. Furthermore, to ensure sustainable results, maintaining macroeconomic stability amid regional uncertainty and external pressures will be essential.

Some progress has been made in the administration of public property, but the process remains slow and politicised. According to the 2024 report on the implementation of the State Public Property Management Programme for 2024–2027,[31] certain steps have been taken to align with the European Commission's recommendations. Notable achievements include the approval of corporate governance codes for 34 state-owned companies, the reorganisation of 11 state-owned enterprises, improvements to the legal framework on insolvency, and the cancellation of insolvency proceedings against the company SA Aroma. At the same time, modernisation and digitisation measures have been launched, including the development of the "Public Heritage and State Property Administration Register" information system and the introduction of training and audit tools for state-owned companies.

It is also worth highlighting the increase in state budget revenues from dividends and distributions paid by state-owned companies. According to Public Property Agency data,[32] in 2024, these companies transferred approximately MDL 390 million to the state budget, an increase of over 30 per cent compared to 2023 and roughly 2.5 times more than in 2022. Nevertheless, financial monitoring by the Ministry of Finance[33] notes the need for public authorities to intensify efforts to improve performance, particularly within state-owned enterprises, by accelerating the restructuring of companies whose activities may pose fiscal risks to the state budget.

Although these measures represent concrete steps towards more transparent and efficient management of public property, political influence over decision-making in state-owned companies continues to limit the effectiveness and sustainability of reforms. To date, the results of the screening of state-owned companies, approved by the Screening Commission on 29 December 2023, have not been made public, despite the government's commitment to the IMF. Likewise, the initiation of competitions to fill independent positions on the boards of state-owned companies is a positive development, but the process requires greater transparency. In its current form, the selection regulation applies to all state-owned enterprises, creating an unnecessary administrative burden and complicating the identification of board members for smaller or problematic companies. Finally, interim appointments remain a commonly used solution, as several strategic enterprises have been managed by interim directors for years. Several key state-owned companies still lack directors appointed through public competition or have never had them.[34]

Visible progress has been achieved in public financial management, yet a number of systemic problems persist. The execution of state budget revenues and expenditures has improved significantly: revenue execution remained around 100 per cent in 2024, while expenditure exe-

31 *https://mded.gov.md/wp-content/uploads/2025/04/Raport-de-progres-privind-realizarea-in-anul-2024-a-Programului-privind-administrarea-proprietatii-publice-de-stat-pentru-anii-2024-2027-1-1.pdf*

32 *https://app.gov.md/dividende-si-defalcari/*

33 *Financial monitoring, https://www.mf.gov.md/ro/managementul-finanțelor-publice/monitoring-financiar*

34 *https://ziua.md/provizoratul-politica-de-stat-zece-intreprinderi-strategice-din-r-moldova-conduse-de-sefi-interimari/*

cution rose from 92.3 per cent in 2022 to 95.1 per cent in 2023 and 97.5 per cent in 2024. These outcomes reflect revenue collection very close to forecast levels and a more efficient—though still incomplete—use of expenditures, resulting in a deficit that was lower than planned. The Court of Accounts[35] issued an unqualified opinion on the Government's report, confirming that budget execution accurately reflects the financial reality and underscoring the Ministry of Finance's responsibility for sound management of the process. At the same time, the Court highlighted persistent structural problems requiring urgent attention. These include repeated delays in budget preparation and approval, which undermine budgetary discipline, as well as the undervaluation of public assets due to the failure to account for major assets such as roads, land, rail, and energy infrastructure. Additionally, the lack of clear definitions and regulations on subsidies and grants limits transparency and monitoring capacity, while legal ambiguities regarding the repayment and use of unspent balances at year-end lead to the immobilisation of budgetary resources, coinciding with an increasing budget deficit.

Problems in the management of capital investments continue to undermine the efficient use of public funds, as highlighted by the Court of Accounts. In the last budget year, the execution of capital investment expenditure reached only 86.1 per cent of the allocated amount. The main causes include poor planning, low-quality technical documentation, and persistent deficiencies in the organisation of public tenders. These shortcomings reduce the efficiency of public spending and result in missed investment opportunities, particularly since much of the funding comes from grants or concessional loans. Political clientelism remains a vulnerability in the budgetary process, especially during election years, and 2025 has been no exception. Programmes have recently been approved in ways that violate the principles of good governance and transparency. A relevant example is the "Budget Plus" programme,[36] which includes the "Europe is Close 2025" initiative aimed at rehabilitating local infrastructure. This programme allocates around MDL 500 million for the construction and modernisation of approximately 130 km of roads and pavements across 100 localities, financed from EU resources through the National Fund for Regional and Local Development (FNDRL). The selection of local projects by central authorities has already been criticised by civil society due to the potential risk of political clientelism. For instance, the monitoring report on the "European Village" Programme in the Northern region, conducted by the Lex XXI Human Rights Association,[37] identified several indications of preferential treatment for localities led by mayors affiliated with the ruling party. Concerns were also raised regarding the lack of transparency, as data on submitted applications, project budgets, and the number of beneficiaries are not made public. Furthermore, justifications for rejecting projects are not published, and post-implementation reports for completed projects are missing.

Policy recommendations

Accelerated implementation of the European Commission's recommendations within the Fundamentals Cluster. The recommendations made by the European Commission in autumn 2024 have not yet been fully implemented, creating a risk that Moldova's progress towards the EU accession will slow down. In this context, reforms in the area of "Fundamentals"—covering the rule of law, justice, the fight against corruption, good governance, and respect for fundamental rights—are crucial for alignment with European standards and for the credibility of the integration process. A comprehensive approach is therefore needed, combining improvements in public services through digitalisation, transparency, and increased accessibility; modernisation of administrative and judicial infrastructure for the effective application of European legislation; stimulation of economic growth through coherent policies that support investment and innovation; and enhancement of the population's well-being, so that the benefits of European integration are directly felt by citizens. Rapid and consistent implementation of these reforms will not only accelerate the accession process but will also demonstrate concretely the advantages of governance that is aligned with European values, strengthening citizens' confidence and the support of European partners.

Strengthening the capacity of negotiating teams involved in dialogue with European structures. One of the major risks for Moldova's European path is the lack of professional staff with technical expertise in the complex areas of the accession process. For this reason, even though the Bureau for European Integration involves civil society and benefits from external expertise, without an internal mechanism to capture and transfer knowledge, these resources may be lost when consultancy contracts expire or donor-funded projects are completed. At the same time, it is necessary to expand the sources of data on the percep-

35 *Report of the Court of Auditors on the management and use of public financial resources and public assets in 2024, https://ccrm.md/ro/raportul-curtii-de-conturi-asupra-administrarii-si-intrebuintarii-resurselor-88_93822.html*

36 *Position paper on the draft amendment to the State Budget Law for 2025 (the "Budget Plus" programme), https://www.euromonitor.md/nota-de-pozitie-privind-proiectul-de-modificare-a-legii-bugetului-de-stat-pentru-anul-2025-programul-bugetul-plus/#*

37 *'The "European Village" programme, ed. I, in the north of the country: successes and shortcomings in the implementation of the programme, in the budget distribution process and in the quality of the projects implemented', https://www.euromonitor.md/en/raport-analitic-programul-satul-european-ed-i-in-nordul-tarii-succese-si-lacune-in-modul-de-desfasurare-a-programului-procesul-de-distributie-a-bugetului-si-calitatea-proiectelor-implementate/*

tions of different social groups regarding the European integration process. Neglecting these perceptions in negotiations could lead to decisions that do not fully reflect realities on the ground, and therefore risk generating resistance or a lack of public support. Integrating the views of citizens, the business community, civil society, and local authorities in the analysis of the accession process is essential for informed decision-making. In this way, the institutions and individuals involved in negotiations will have a more complete and comprehensive understanding of the potential impact of adopted policies, allowing for better alignment between public policies and the real needs of society.

Improving economic governance so as to accelerate convergence with the EU economy is an essential condition for achieving rapid and sustainable integration into the European Single Market. Given that the national economy is relatively small compared to the size of the European market, the success of this integration depends largely on the ability of the public and private sectors to achieve maximum results with limited resources. In the public sector, strengthening the institutional and regulatory framework in areas such as competition, quality infrastructure, access to finance, and consumer protection would contribute to a more efficient use of resources and the healthy functioning of the internal market. For example, access to finance remains limited for many SMEs, despite the existence of several public institutions offering support in this area. In this context, developing the internal financial market and promoting alternative financing instruments, including by exploiting the potential of the capital market, could accelerate the mobilisation of private investment and support the structural transformation of the economy. Thus, strengthened economic governance, geared towards efficiency and transparency, could provide the necessary conditions for reducing the gaps with the EU economy and for the competitive integration of the Republic of Moldova into the European Single Market.

Depoliticising the allocation of public funds for local investment is an essential step towards increasing the efficiency of budgetary resource use and ensuring a real impact on community development. Currently, decisions on investment allocation are often concentrated at the central level, creating risks of political influence, unfair distribution, and misalignment with the actual needs of localities. A functional local governance system would involve transferring decision-making power to local public authorities, which have direct knowledge of community priorities. Projects such as road reconstruction, water supply modernisation, and sewerage system development should therefore be planned and financed based on transparent criteria established at the local level. At the same time, investments must form an integral part of local development strategies, drawn up in line with national and European objectives but adapted to the specific characteristics of each community. A fundamental principle in this process is consultation with citizens to ensure that the projects financed meet the population's expectations and contribute to improving their quality of life. In this way, depoliticising the allocation of public funds will not only reduce the risk of political favouritism but also strengthen citizens' trust in state institutions, increasing the efficiency and sustainability of public investments.

Table 4

Main indicators monitored in relation to governance

	2021	2022	2023	2024
Government efficiency				
Share of total public expenditure in GDP, %	33,9%	36,6%	39,2%	36,9%
Budget deficit, % of GDP	1,9%	3,2%	5,2%	3,8%
Integrity				
Global freedom, Freedom House (ranking)	61 (out of 100 countries)	62 (out of 100 countries)	61 (out of 100 countries)	60 (out of 100 countries)
Corruption Perceptions Index, Transparency International	105 (out of 180 countries)	91 (out of 180 countries)	80 (out of 180 countries)	78 (out of 180 countries)
Transparency				
Documents (draft laws, regulations) subject to public consultation, % of total	44% (out of 786 approved acts)	80% (out of 1,063 approved acts)	60% (out of 1,248 approved acts)	86% (out of 772 approved acts)
Number of meetings of the National Commission for Consultation and Collective Bargaining		4	4	6

Source: NBS, State Chancellery, Transparency International, Freedom House.

About Expert-Grup

Who We Are

Expert-Grup este un centru analitic (eng., think-tank) specializat în cercetări economice și analize de politici publice. A fost fondat în anul 1998, iar activitatea de cercetare a început-o în 2006. Ne poziționăm ca o organizație neutră din punct de vedere politic și ideologic și nu reprezentăm interese economice, corporative sau politice.

Our Mission

Misiunea organizației este de a promova interesul public și de a elabora soluții eficiente și inovatoare pentru dezvoltarea Republicii Moldova. Pentru a înfăptui acest deziderat nobil, Expert-Grup oferă mediul instituțional și creativ necesar pentru manifestarea gândirii libere, ceea ce plasează organizația printre lideri în furnizarea de analize nepărtinitoare.

Expert-Grup's Four Core Values

1. **Independence and objectivity** – We encourage creative and critical thinking. We remain independent of any political or ideological influences.

2. **Integrity and transparency** – We use robust, relevant, and transparent analytical tools. All sources used in our research are quoted and all contributors to our research are mentioned.

3. **Quality and relevance** – We aim to produce high-quality analytical products that address topical issues relating to Moldova's economic and social development.

4. **Avoidance of conflicts of interest** – We do not accept activities and partnerships that are contrary to our values or that may undermine our independence.

Expert-Grup's 10 Priorities

1. A functional market economy: free competition and the protection of property rights;
2. Reasoned and rational economic and social policies, developed in the interest of citizens;
3. Free trade based on real competitive advantages;
4. An efficient, transparent, and accountable public sector;
5. A business climate that is friendly to, and appealing for, SMEs;
6. Fair labour market conditions for both employers and employees;
7. A flexible educational system that is connected to the economic, social, and demographic realities;
8. Equal access to economic and social opportunities for all citizens;
9. A society that is familiar with the economic trends and basic principles of the economy;
10. Balanced regional development.

About FES

Who We Are

Friedrich-Ebert-Stiftung (FES) is a German political social-democratic foundation which aims to promote democracy, peace, international understanding, and cooperation. FES performs its tasks in the spirit of social democracy and participates in public debates to identify social-democratic solutions to current and future issues in society.

FES in Moldova

In the Republic of Moldova, FES aims to foster European integration, democracy, peace, and social justice through political dialogue, education, and research. Our main areas of activity are the following:

→ *Democratisation and political participation*

The Republic of Moldova faces challenges related to strengthening its democratic institutions and developing a democratic culture that would make the country fully compliant with the standards of the EU. FES contributes to this by promoting political participation in civil society organisations, political parties, and local public administration bodies. In this area, FES puts a particular focus on building the capacities of citizens across Moldova's regions. Citizens should be trained to follow critically, and participate in, public debates in order to monitor decision makers, express their views, and act in their own interests. Therefore, through its activities, FES is committed to promoting participatory democracy and citizens' civic and political culture at the local level.

→ *European integration*

The Republic of Moldova is a part of the European Neighbourhood Policy and the Eastern Partnership, having recently been granted EU candidate country status. FES aims to support the country's European integration process. Through a number of tools, such as radio debates, news bulletins, policy papers, publications and conferences, FES focuses on the main challenges related to European integration, facilitating people's access to up-to-date and reliable information on the topic, improving the dialogue between civil society and decision makers as regards the requirements for successful European integration, and thereby strengthening the efforts of Moldovan authorities to integrate into the EU. Additionally, FES supports NGOs in contributing to a peaceful resolution of the Transnistrian conflict, as a precondition for successful European integration in the long term.

→ *Economic, social, and environmental policy*

FES supports its partners in developing and implementing policies for a sustainable and socially balanced market economy that is able to address the needs of all citizens. The activities and projects in this area focus on reforming social security systems, improving working conditions and labour market opportunities, and fostering sustainable development. Additionally, FES runs programmes that aim to promote social-democratic values.

Raportul de Stare a Țării 2025 oferă o analiză cuprinzătoare a evoluțiilor economice, sociale, politice și geopolitice ale Republicii Moldova, examinând cele trei dimensiuni fundamentale ale stării țării — bunăstarea populației, mediul de afaceri și calitatea guvernanței. Ediția din acest an include un capitol special dedicat fenomenului sărăciei, care explorează cauzele, vulnerabilitățile și prioritățile de politici pentru reducerea inegalităților și a lipsurilor cu care se confruntă populația. Raportul prezintă tendințele majore, indicatorii cheie și provocările actuale ale dezvoltării, oferind recomandări orientate spre sustenabilitate și creșterea nivelului de trai, și servește drept platformă de dialog între guvern, mediul de afaceri, societatea civilă și partenerii internaționali. Publicația este o inițiativă comună a Centrului Analitic Independent „Expert-Grup” și a Fundației „FriedrichEbert”.