NEWSLETTER

Prime Minister of the Republic of Moldova, Vasile Tofan, in front of the press after the government meeting on July 28, 2026. Photo: Government of the Republic of Moldova

Friedrich Ebert Stiftung

July 2026

The Tofan Government: Between State Reform and the Challenge of European Integration

Topics of the edition:

The Vasile Tofan Government begins its mandate with an ambitious agenda focused on building a more efficient state, reviving the economy, attracting investment, reforming the public administration, and accelerating European integration, all against the backdrop of a large budget deficit, declining public trust, and fragile institutions.

In his analysis, the expert Denis Cenușă argues that the government has proposed a series of far-reaching measures aimed at reducing waste, reforming the public sector, stimulating economic growth, and advancing EU accession negotiations. However, their success will ultimately depend on the government’s ability to manage the country’s economic and energy challenges, advance the reintegration process, and restore public confidence.

In an interview with the FES Foreign Policy Bulletin, independent economic expert Viorel Gîrbu argues that fiscal and public sector pay reforms must combine fiscal discipline with meaningful performance evaluation, stronger efforts to combat tax evasion, more effective use of European funds, and the development of a coherent long-term economic vision. In his view, the results of such reforms can only be assessed over the long term.

IDIS Viitorul expert Igor Munteanu likewise argues that the government’s success will depend primarily on depoliticizing the public administration, introducing merit-based recruitment and promotion, and professionalizing the leadership of public institutions. Without these reforms, investments, European funds, and the government’s broader reform agenda risk being undermined by political interests and informal networks.

Finally, journalist Mădălin Necșuțu argues that European integration begins not in Brussels but within ministries and government agencies. In his view, the first months of the Tofan Government’s mandate will reveal whether it can transform strong European support into an effective public administration capable of delivering reforms, implementing projects, and producing tangible results.

Foreign Policy Association together with Friedrich-Ebert-Stiftung offer you a newsletter on foreign policy and European integration issues of the Republic of Moldova. The newsletter is part of the “Foreign Policy Dialogue” joint Project.

News in brief:

The government has proposed postponing until 1 September the abolition of tax exemptions for businesses operating on the left bank of the Dniester and the launch of the Convergence Fund. Prime Minister Vasile Tofan stated that the authorities in Chișinău are pursuing a strategy of gradual, rather than forced, integration of the region into the Republic of Moldova's economic space. „Our approach to the region on the left bank of the Dniester is a very gradual one. We are not forcing the process; instead, we want the people there to integrate gradually into our economic space," he said.

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The EU Growth Plan for the Republic of Moldova (2025–2027), worth EURb1.9 billion and financed through a combination of European Union grants and loans, includes EUR30 million earmarked to support civil society organizations and independent media. The Growth Plan is built around EUR 520 million in grant funding allocated to the Republic of Moldova for the 2025–2027 period. Of this amount, EUR 135 million will be used to leverage EUR 1.5 billion in concessional loans, significantly increasing the overall financial package available to support the country's reform and investment agenda.

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The autonomous non-profit organization Eurasia, affiliated with fugitive oligarch Ilan Șor, has been designated an extremist organization in the Republic of Moldova following a ruling by the Centre Court of Appeal. According to the Intelligence and Security Service (SIS), on 24 July 2026 the court upheld the agency's request and found that the organization had engaged in extremist activities. Pursuant to the court's decision, Eurasia has been entered into the Register of Extremist Organizations and Extremist Materials.

"Without a depoliticised public administration and meritocracy, the Tofan Government's reforms are doomed to fail."

Igor Munteanu, IDIS "Viitorul" expert
Photo: Facebook

IDIS "Viitorul" expert and former Chairman of the Coalition for Unity and Well-being (CUB) Party, Igor Munteanu, gave an interview to the FES/APE Foreign Policy Bulletin, in which we discussed the key factors that will determine the success of the Tofan Government. According to him, the new government's success will depend primarily on its ability to reform the public administration, depoliticise state institutions, support the business community, and strengthen the institutional capacity needed to seize the historic opportunity created by the Republic of Moldova's accession negotiations with the European Union. We invite you to read the full interview:

Mr. Munteanu, the incoming Tofan Government takes office in a context marked by controversies over political appointments, conflicts of interest, and allegations of influence peddling. In your view, what should be the new Prime Minister's first step during his first 100 days in office to demonstrate that he is changing not only the people in office, but also the rules of the game?

First of all, I believe there is a need for realistic expectations regarding Prime Minister Vasile Tofan. The reason is that he has inherited a government team that was already put together by the ruling party. In a sense, this team has been "leased" to him for the duration of his mandate. In other words, Mr. Tofan does not have a cabinet of his own, not even to the extent that his predecessor, Alexandru Munteanu, had when he took office.

From this perspective, Mr. Tofan's main strategic advantages over previous prime ministers lie in the innovative ideas he brings to government and in the more sophisticated network of contacts, connections, and experience he has built in the private sector. At the same time, I would point out that he benefits from a more favourable international context in his relations with the Republic of Moldova's strategic partners than any of his predecessors. This is an advantage that could significantly facilitate his work.

Today, the Republic of Moldova is fully engaged in accession negotiations with the European Union. We are no longer in the position of merely standing before a half-open door, as was the case under the governments led by Natalia Gavrilița and Dorin Recean.

On the other hand, the scandals surrounding nepotism, influence peddling, and the appointment of individuals based on family ties or personal connections have created a highly toxic environment and have undermined the credibility of both the current and future actions of the Tofan Government.

It is essential that this background noise does not overshadow the Tofan Government's ability to communicate effectively. Compared with previous prime ministers, including Dorin Recean and Natalia Gavrilița, Vasile Tofan articulates his intentions in a clearer, more coherent, and more technical manner.

There is, however, likely to be a gap between his communication style and the expectations of a large part of the public. Mr. Tofan communicates as a technocrat, whereas most citizens primarily expect social responses and political leadership from a prime minister. The transition from being a technocrat to becoming a political leader capable of directing and coordinating government action will, in all likelihood, take some time.

Can the Republic of Moldova move away from political appointments?

You have recently argued for the establishment of an independent recruitment commission for key positions in the public administration. Is the Republic of Moldova ready to move away from political control over appointments, or do you believe that any government, regardless of its public rhetoric, will ultimately be tempted to retain these levers of influence?

Vasile Tofan appears ready to promote a much more managerial style of governance – one that is more business-oriented and focused on evaluating the performance of public officials. He has already embraced this approach and publicly announced his intentions. Most likely, he will pursue this agenda resolutely, at least until he encounters resistance or friction, whether from members of his own Cabinet or from influential figures within PAS.

At the same time, the public's expectations are, above all, moral in nature. The credibility of the current governing majority has already been damaged by mistrust and suspicion. Unless the government succeeds in restoring integrity and ethical standards in public office, it will be very difficult to convince citizens of the legitimacy of the strategic reforms that the Tofan Government intends to pursue.

That said, several of Vasile Tofan's proposed initiatives have caught my attention and strike me as particularly important. First, he advocates a broad deregulation agenda and a much more business-friendly approach. This is not about rhetoric or public relations campaigns, but about introducing practical measures that address the day-to-day challenges faced by entrepreneurs in an environment where informal networks of influence and entrenched monopolistic interests continue to distort competition and hinder economic development.

His vision for foreign policy has also stood out. Vasile Tofan is looking for more than diplomats focused on ceremonial representation; he wants economic diplomacy measured by tangible results. He expects Moldova's embassies and diplomatic missions to play an active role in attracting foreign investment and promoting Moldovan exports.

Another noteworthy initiative is his vision of transforming the Republic of Moldova into a testing ground for artificial intelligence (AI), FinTech, GovTech, AgriTech, and other digital technologies. I believe the country has genuine potential in these areas, but until now no one has pursued them in a truly strategic manner.

The Prime Minister has also proposed establishing a Convergence Fund for Reintegration. This demonstrates his understanding that the reintegration process cannot move forward without the Government taking a direct and determined role in managing relations with the Transnistrian region. At the same time, he appears to recognise that the privileged relationships between certain vested interests and influential economic actors across the Nistru River must be addressed differently; otherwise, any serious discussion about reintegration will remain without meaningful results. In this respect, I see this as one of the positive elements of his agenda.

Overall, I do not believe that the initiatives put forward by Vasile Tofan are controversial in themselves. However, they become significantly more difficult to implement in the current environment, dominated by scandals involving influence peddling and other questionable practices that risk undermining both the Government's credibility and its good intentions.

One example is the intention to accelerate the privatisation or stock market listing of state-owned assets and enterprises within a relatively short period of time. This is an extremely sensitive issue, and there is a real risk that part of the public will perceive such processes as favouritism or non-transparent asset sales, as long as state institutions have not yet earned the level of public trust and credibility that such reforms require.

EU Accession Negotiations and the Weaknesses of the Public Administration

The Republic of Moldova is entering a decisive stage in its accession negotiations with the European Union, and Brussels will assess not only the reforms adopted on paper, but also the state's administrative capacity to implement them. How significant is the risk that a politicised public administration lacking merit-based recruitment could become the main obstacle to absorbing EU funds and fulfilling the country's commitments to Brussels?

This is probably one of the greatest risks facing the Republic of Moldova today. The unprecedented openness demonstrated by the European institutions has created the impression that our country has already crossed the critical threshold in the accession process. In reality, however, the European institutions and Western capitals remain cautious and continue to monitor developments in the Republic of Moldova very closely.

The country is still under close scrutiny, and most of our vulnerabilities stem from the state's limited capacity to manage public affairs effectively. These weaknesses concern the management of state-owned assets and enterprises, the quality of public services delivered to citizens, and sensitive areas such as public security, the protection of personal data, and access to justice –an area that continues to face significant challenges.

In my view, the Republic of Moldova cannot move forward without a profound and comprehensive reform of governance. Such reform should not be confined merely to cost optimisation, in line with the approach advocated by Vasile Tofan and inspired, to some extent, by the model promoted by Javier Milei. Rather, it should focus first and foremost on strengthening the state's capacity to fulfil its core responsibilities and functions effectively. In other words, what Moldova needs is a genuine 'statecraft' reform – one aimed at building stronger governing capacity. Without such a transformation, the country will not be able to make meaningful progress under the current circumstances.

At present, we find ourselves in a paradoxical situation. Broadly speaking, the Government's strategic direction is consistent with the declared objectives of the ruling party. However, it often conflicts with the informal interests of influential groups within that very party.

I say this unequivocally: this is not merely a sociological phenomenon – it is a deeply political one. This reality helps explain, at least in part, both the constraints under which Vasile Tofan will have to operate and the risks that could ultimately affect the stability and longevity of his mandate.

Economic Growth or Institutional Reform?

You have argued that the current system rewards political loyalty rather than professional performance. Should the Tofan Government go as far as introducing fixed terms for the heads of public agencies and state-owned enterprises, with clear, objective, and narrowly defined grounds for dismissal, in order to protect them both from political interference and from changes in government?

I recently argued that the Republic of Moldova urgently needs a professional corps of managers to lead its public services, agencies, and state-owned enterprises. Achieving this objective will require a sustained effort to professionalise the public administration, as well as multidimensional integration with the standards and best practices of the Organisation for Economic Co-operation and Development (OECD) and the European institutions responsible for regulating and overseeing public services.

Over the coming months, until he is able to fully exercise his authority, Vasile Tofan will most likely be constrained by the existing balance of interests within the current Government. The interests and networks of influence associated with the current ministers did not disappear with the departure of the former Prime Minister; they remain closely linked to the fact that executive power continues to be exercised, without an alternative, by a single political party.

Against this backdrop, one of the first steps Vasile Tofan should take is to ensure that open, transparent, and merit-based competitions are organised for all senior positions in the public administration and across the government sector.

In addition, clear rules should be introduced governing remuneration and promotion in the civil service, so that any salary increase is conditional upon performance evaluation. At the same time, much greater emphasis must be placed on strengthening the independence of the civil service and shielding it from excessive political interference, which has proven over recent years to be profoundly detrimental to the national interest.

Finally, Vasile Tofan should restore the Academy of Public Administration to its original mission as an institution dedicated to developing the capacities and professionalism of the public administration, rather than allowing it to remain merely an adjunct to the State University.

In my view, these are the four priority measures that Prime Minister Vasile Tofan should initiate without delay.

The Challenges and Constraints of Vasile Tofan's Mandate

Will the success of Vasile Tofan's term as Prime Minister be judged primarily by economic results or by his ability to reform the public administration? Put differently, what is more important for the Republic of Moldova over the next four years: a government that manages the economy effectively, or one that rebuilds state institutions on the basis of competence and integrity?

There can be no sustainable economic growth or long-term economic performance as long as the public administration functions primarily for its own institutional interests rather than in the service of citizens.

From this perspective, your question is, to some extent, rhetorical. That said, it is true that Vasile Tofan differs from most members of the current Government in that he has a much stronger managerial mindset.

He advocates a model based on a leaner and more efficient public administration, one driven by performance, greater reliance on private capital, and an accelerated process of digitalisation.

At the same time, he is likely to discover that the party he represents as Prime Minister – given that this is a government backed by PAS – prefers a gradual transition rather than disruptive change. This is also because the party itself does not yet appear ready to operate in an environment defined by stronger competition and stricter performance standards.

I hope that, as he embraces this strategic mission – which also marks a major turning point in his professional career – Vasile Tofan will understand that the parliamentary vote of confidence does not oblige him merely to defend the image of the governing party. It also gives him a responsibility to stand by the principles he set out when he assumed the office of Prime Minister.

For this reason, I do not believe he will have an easy tenure in government. On the contrary, I expect him to face numerous obstacles and unexpected challenges, including resistance from those who feel deeply threatened by a new style of governance built on performance and accountability.

Under these circumstances, he will need to broaden his base of support and build alliances across society. Indeed, he has already stated that he does not intend to be merely the Prime Minister of PAS, but the Prime Minister of all citizens of the Republic of Moldova.

The real test, however, will be whether these intentions are translated into concrete action. Only time will tell whether they become reality, and one can only wish him success in fulfilling this mandate.

Thank you!

Editorial

The Tofan Government: Between Ambition, Purpose, and Seizing Opportunities

Editorial by Mădălin Necșuțu, Journalist, TVR Moldova

There are moments in a nation's history when political time begins to move at a different pace. There is no longer the luxury of years to experiment, nor the time for reforms that are launched only to be abandoned halfway. The Republic of Moldova has reached precisely such a moment. With the appointment of the Government led by Vasile Tofan, the country is entering what is likely to be the most challenging phase since obtaining EU candidate status.

Madalin Necsutu, journalist at TVR Moldova
Photo: Facebook

Until now, Chișinău has been negotiating the opening of the door. From this point forward, it must demonstrate that it is capable of managing the European house. The difference is profound. Brussels will no longer assess only the laws that have been adopted or the political rhetoric surrounding European integration. It will assess the state's administrative capacity. It will examine whether ministries function effectively, whether public institutions deliver results, whether EU funds are managed properly, and whether the public administration is capable of implementing reforms without being paralysed by political interests or informal networks of influence.

This is where the real challenge for the Tofan Government begins.

The Reform That Can No Longer Be Postponed

n recent weeks, the Republic of Moldova has been shaken by a series of scandals that have exposed long-standing weaknesses within the public administration: controversial appointments, allegations of influence peddling, difficult-to-explain wealth, institutions turned into administrative fiefdoms, and an organisational culture in which political loyalty has too often outweighed professional competence.

These scandals are not merely a public relations problem. They strike at the very credibility of the state. And without credibility, no reform can be sustained long enough to produce meaningful results.

For this reason, the Tofan Government's first major priority is neither fiscal reform, nor attracting investment, nor even accelerating the country's EU accession negotiations. Its first and most urgent reform must be the reform of the public administration. It is not a spectacular reform that generates headlines or wins votes overnight. Yet without it, all other reforms risk remaining little more than PowerPoint presentations.

The Prime Minister has spoken about reducing waste, streamlining the state apparatus, advancing digitalisation, and introducing performance-based evaluation. These are the right objectives. The challenge, however, is that every one of these measures will directly confront the very mechanisms through which the public administration has operated for years. They will affect vested interests, dismantle long-standing privileges, and inevitably provoke resistance. It is precisely this resistance that will become the real test of the new Government.

The Political Costs PAS Will Have to Bear

In politics, there are popular reforms and there are necessary reforms. Rarely do the two coincide. If the Tofan Government follows through with restructuring public institutions, limiting unjustified bonuses, eliminating artificially created positions, introducing performance-based evaluations, and depoliticising the public administration, electoral costs will be inevitable.

There will be dissatisfied groups, there will be protests, and there will be disinformation campaigns. Most likely, part of these political costs will be borne by PAS, the party holding the parliamentary majority. Paradoxically, the success of the reform depends precisely on the governing party's willingness to accept short-term electoral losses in exchange for long-term institutional gains. This is the difference between a government focused solely on the next election and one that seeks to change the rules of the game.

Moreover, Vasile Tofan comes from the private sector, where performance is measured by results rather than by political balancing acts. Public administration, however, operates according to a different set of rules. This raises the essential question: how much room for manoeuvre will the new Prime Minister actually have?

Even the best ideas cannot bring about real change if every major decision has to be negotiated with networks of influence, entrenched administrative interests, or electoral calculations. The answer to this question will determine not only the success of the Tofan Government, but also the Republic of Moldova's ability to turn the current European opportunity into an irreversible process.

European Integration Begins in the Ministries, Not in Brussels

There is a natural tendency to view accession to the European Union primarily as a diplomatic process. In reality, diplomacy is only the tip of the iceberg. Genuine accession begins in every ministry, every public agency, and with every civil servant responsible for translating European directives into public policies and efficient services for citizens. It also requires a sense of purpose and professional motivation among civil servants—one that fosters commitment, ownership, and job satisfaction.

Until now, the Republic of Moldova has benefited from unprecedented political support from Brussels. Never in its modern history has there been such a strong convergence between the political will of the European Union and the aspirations of a majority of Moldovan society. Yet this window of opportunity will not remain open indefinitely. The European Union does not admit countries on the basis of enthusiasm; it admits them on the basis of results. And results require a capable public administration, a functioning judiciary, independent institutions, and the capacity to absorb billions of euros without those resources being wasted or captured by vested interests.

Over the next two to three years, the Tofan Government will be judged less by its press conferences and more by the number of kilometres of roads built with European funding, the projects delivered on time, and the reforms that produce measurable results. That is the difference between symbolic European integration and genuine European integration.

Reintegration Can No Longer Be Treated Separately from European Integration

Another major shift in thinking concerns the Transnistrian issue. For more than three decades, Chișinău has treated reintegration and European integration as two parallel processes. Today, however, the two have become inseparable. The Transnistrian region exports most of its goods to the European Union, relies on the Republic of Moldova's energy and transport infrastructure, and is economically more dependent than ever on the European market. At the same time, the political leadership in Tiraspol continues to base its legitimacy on support from the Russian Federation and on blocking any meaningful political progress.

The Tofan Government appears to understand that this contradiction cannot continue indefinitely. As the Republic of Moldova moves closer to EU membership, reintegration can no longer remain merely a policy portfolio managed by the Bureau for Reintegration Policies. It must evolve into a comprehensive economic, institutional, and administrative project.

Reintegration will require far more than negotiations and political statements. It will depend on investment, infrastructure, connectivity, energy, public services, and common rules. Ultimately, reintegration will be driven by the development gap between the two banks of the Nistru River –not by sterile face-to-face meetings or negotiations conducted in one format or another.

The Greatest Challenge Does Not Come from the Opposition

Many believe that the Tofan Government's main adversary will be the pro-Russian opposition. That is only part of the picture. The most difficult battle will take place within the administrative and political system itself. Every technocratic prime minister quickly discovers that reforms are not obstructed only by political opponents, but also by institutional inertia, vested interests, and bureaucratic habits that have been entrenched over many years.

This inevitably invites comparisons with former Prime Minister Alexandru Munteanu. Beyond the differences in style and vision, the fundamental question remains the same: how much real autonomy does a prime minister have in a government backed by a strong parliamentary majority? Can Vasile Tofan choose his own team? Can he change rules that affect deeply entrenched interests? Can he say "no" when the pressure comes from within the very coalition that supports him?

The answers to these questions will determine the success of his mandate far more than any economic indicator.

The First Six Months Will Shape the Next Four Years

In politics, there is a simple rule: the longer difficult reforms are postponed, the harder they become to implement. The first months of the Tofan Government will likely represent the only period during which sufficient political capital exists to undertake structural reforms. After that, electoral calculations, bureaucratic resistance, and the temptation of political compromise will inevitably begin to prevail.

If the new Government succeeds in professionalising the civil service, reducing political influence over public institutions, accelerating digitalisation, encouraging investment, and transforming diplomacy into an instrument of economic development, the Republic of Moldova could enter an entirely new phase of its development. If, however, reforms are diluted by compromises and change amounts to little more than replacing one set of officials with another, the current window of opportunity risks being squandered.

The Tofan Government is not simply another cabinet of ministers. It is the first government that must demonstrate that the Republic of Moldova is capable of functioning as a future member state of the European Union. That is the true significance of its mandate. And the time available to make that case is measured not in years, but in months.

“Raising Salaries Is Easy, but You Must Ensure There Is Performance”

Independent economic expert Viorel Gîrbu spoke to the FES/APE Foreign Policy Bulletin about the priorities that the Tofan Government should pursue in the areas of economic policy and economic growth. The interview examines both the realities and challenges facing the Republic of Moldova’s economy and the difficulties of adapting it to the requirements of the European Union’s market and competitive environment. It also explores the structural gaps that the Republic of Moldova needs to address in order to navigate this process successfully. We invite you to read the full interview below.

Viorel Gîrbu, Independent economic expert
Photo: Facebook

The Tofan Government has committed itself to a comprehensive reform of the budgetary and fiscal system, as well as of public sector pay. In your view, what is the greatest weakness of the current system, and what should be the government’s immediate priority to ensure that this reform goes beyond a mere accounting exercise?

At present, one of the greatest vulnerabilities of the Republic of Moldova’s budgetary and fiscal system is the chronic and persistently high public finance deficit. This deficit fuels inflationary pressures and contributed, at least in part, to the inflationary shock experienced by the national economy beginning in 2022.

Even today, the fiscal policy pursued by the authorities continues to exert significant inflationary pressure. As a result, the government will need to find an appropriate response. To reduce the deficit, it can act either on the revenue side or on the expenditure side. In practice, however, cutting public spending is considerably more difficult than increasing taxes.

In this context, the government will have to decide how to calibrate its fiscal policy and how to explain to the public any tax increases that may be required to finance public expenditure.

At the same time, such an approach alone would not be sufficiently balanced. One would expect the Tofan Government to act simultaneously on both fronts: on the one hand, by improving the efficiency of public spending, and on the other, if necessary, by adjusting tax levels.

It should also be noted that the overall tax burden in the Republic of Moldova is not particularly high. However, the country’s challenges differ from those faced by many other states, making comparisons with countries such as Romania – where the tax burden is higher and closer to the European average –both relevant and worthwhile.

A Unified Pay Scale and the Privileges of Autonomous Institutions

The new public pay law promises a fairer system based on job evaluation and reduced disparities across institutions. How significant is the risk that this reform could place additional pressure on the state budget or generate dissatisfaction among certain groups of public sector employees?

With regard to public sector pay, a number of situations raise legitimate concerns, particularly in relation to positions within state-owned enterprises and certain autonomous institutions. In some cases, remuneration levels are excessively high and difficult to justify given the economic realities of the Republic of Moldova. This is why a fair and credible reform, capable of securing broad public support, is needed.

The proposals put forward by the former Minister of Finance are, in principle, moving in the right direction.

Under the previous version of the reform, the salary scale was simplified: the number of pay grades was reduced from 15 to 10, while the number of reference values was reduced to four. In my view, however, the system should be based on a single reference value from which the entire public pay structure is derived.

Such a system should apply uniformly across all public institutions, including those that invoke their autonomous status but whose governance and remuneration practices continue to raise legitimate questions. At the same time, senior management positions in many of these institutions are filled through political appointments.

This is not necessarily a question of professionalism or competence. Rather, these positions are often occupied by individuals with close ties to those in power. The phenomenon is not unique to the current administration; it has characterized successive governments in the Republic of Moldova. For this reason, we expect the Tofan Government to adopt a broader and more consistent approach to addressing these structural shortcomings.

Higher Salaries, but Also Continuous Performance Evaluation for Civil Servants

The government has pledged to make public service more attractive and to professionalize the public administration. Is raising salaries alone sufficient to achieve these objectives, or is a deeper reform also needed in the way civil servants are evaluated, promoted, and held accountable?

No. Raising salaries alone is not enough. In fact, I do not expect the government to be able to implement substantial pay increases given the large and persistent public finance deficit. Quite simply, the necessary resources are not available.

The Republic of Moldova has already gone through similar reforms. In the judiciary, for example, significant efforts were made to increase judges' salaries, yet this measure did not resolve the underlying problems. Financial incentives were not accompanied by reforms that strengthened accountability and performance.

For this reason, an appropriate wage policy must be complemented by a permanent system for evaluating and monitoring the work of civil servants. Their performance should be assessed on a continuous basis, with particular emphasis on the quality of public services and the results they deliver.

In my work, I frequently rely on public data and cooperate with government ministries. From this perspective, I often encounter a profound lack of transparency and institutional openness. Public officials regularly invoke legal provisions to restrict access to information of public interest, while ministry websites often fail to publish information that should be readily available. Basic data and analyses that would make it possible to understand developments in a particular sector and assess public policies are frequently missing.

Much of this information is either inaccessible or, I sometimes suspect, does not exist at all. This creates the impression that some public authorities operate in a fragmented and uncoordinated manner, without effective mechanisms for oversight and internal control.

At the same time, there appears to be no rigorous system of internal performance evaluation. The governing party does not adequately monitor its political appointees in the ministries or ensure that the institutions they lead are delivering results. Ultimately, weak administrative performance also undermines the credibility of the government itself.

I believe this is one of the government's greatest challenges. Raising salaries is relatively easy; building a system that consistently ensures performance, accountability, and effective oversight in public administration and the management of public funds is far more difficult.

European Funds: Balancing Investment and Fiscal Discipline

The government will have to manage, in parallel, investments financed through the European Union's Growth Plan and the need to maintain fiscal discipline. How can it strike a balance between the investments required for development and keeping the budget deficit at a sustainable level?

Investments financed through the European Union's Growth Plan can help ease pressure on the public budget by covering part of the state's financing needs, provided that the authorities are able to implement the policies and reforms envisaged under this European instrument.

If these policies are well designed and effectively implemented, the Republic of Moldova will be able to absorb the full amount of available funding. Past experience, however, suggests that this cannot be taken for granted. There have been instances in which, for example, Romania was prepared to provide financial assistance to the Republic of Moldova, but the authorities in Chișinău were unable to absorb all the resources made available. A similar risk exists today with regard to assistance provided by the European Union.

This challenge should be addressed separately from measures aimed at maintaining fiscal discipline, such as increasing tax revenues or improving the efficiency of public spending. These are two distinct dimensions of economic policy that must be managed in parallel.

At the same time, it is important to understand that the European Union's Growth Plan is a performance-based instrument. Access to its funding depends directly on the administrative capacity of ministries and other public institutions to implement the agreed reforms and achieve the objectives set jointly with the European Union.

Combating Tax Evasion and Broadening the Tax Base

Public debate increasingly focuses on the need for a fiscal reform that would broaden the tax base and reduce the informal economy. What should be the first tax measures adopted by the Tofan Government to increase budget revenues without discouraging investment or placing an excessive burden on businesses?

Tax evasion remains a major challenge in the Republic of Moldova. It is driven both by the existence of economic sectors where the phenomenon is widespread and by the realities of many rural areas, where economic activity is limited and opportunities are scarce.

Sectors such as retail trade, hospitality (HoReCa), and construction are widely recognized as being particularly vulnerable to tax evasion. It would be desirable for the government to make progress in addressing this problem, although I do not expect substantial advances. The economic context remains difficult: living standards are still low, poverty is widespread, and for many people the informal economy represents an important source of supplementary income.

Under these circumstances, the government should invest in strengthening its own administrative capacity, particularly by reinforcing oversight institutions and the State Tax Service. At the same time, changes to fiscal policy are also likely. For example, the Republic of Moldova could return to a progressive personal income tax system, replacing the current flat tax with higher rates for higher-income earners.

There is also scope for reforming property taxation, an area that falls under the responsibility of local authorities, many of which face significant financial constraints. In my view, the current system is poorly designed. The model introduced in the early 2000s under World Bank-supported projects has proven difficult to implement, particularly in rural areas, where the limited number of real estate transactions makes it difficult to establish realistic reference values.

I believe the government could advance reforms in these areas without undermining economic growth. On the contrary, it is important to preserve an investment-friendly environment while encouraging the more efficient use of economic assets. A more appropriate taxation of assets, including real estate, can serve as an effective economic policy instrument. If holding unproductive assets becomes more costly, owners will have a stronger incentive either to invest in them or to sell them to economic actors capable of putting them to more productive use.

At the same time, the government should complement these fiscal measures with active investment promotion policies. For example, it could establish an investment fund through which projects developed by high-performing entrepreneurs would receive co-financing or other forms of state financial support. In my view, these two priorities should be pursued together: on the one hand, reforming fiscal policy, and on the other, expanding mechanisms to support private investment.

Competitiveness, Monetary Policy, and the Lack of an Economic Vision

One of the new government's stated priorities is to stimulate private investment and accelerate economic growth. In your view, which three economic reforms would have the greatest and most immediate impact on improving the Republic of Moldova's competitiveness?

The competitiveness of the Republic of Moldova's economy is a serious concern and, in my view, is influenced to a significant extent by the monetary policies pursued by the National Bank of Moldova (NBM). I believe that the NBM does not sufficiently assess the impact of these policies on the real economy, nor does it adequately explain how its decisions affect economic growth.

The NBM's primary mandate is to maintain price stability. Nevertheless, the broader impact of monetary policy on the economy deserves much more thorough analysis and public debate. For example, I have yet to see a substantive parliamentary discussion on how monetary policy affects competitiveness and economic growth.

Following the inflationary shock that began in 2022, the purchasing power of the Moldovan leu declined significantly. In real terms, inflation substantially eroded the value of money. At the same time, however, the leu appreciated against both the euro and the U.S. dollar, resulting in a significant real appreciation of the national currency. Although the euro also weakened during this period, the divergence between the performance of the leu and that of the European currency remains considerable and has undermined the external competitiveness of Moldova's economy.

I do not see economic policies that adequately offset this effect. From this perspective, it is difficult to understand how the government intends to restore the competitiveness lost as a result of monetary developments in recent years. The situation is further complicated by the rapid growth of wages in the Republic of Moldova, while the labour market continues to face an acute shortage of workers. Measured in euro terms, wages have increased much faster than in the national currency, raising legitimate questions about Moldova's attractiveness as a destination for foreign investment.

Beyond these issues, however, the fundamental problem is the absence of a long-term economic vision. I have argued for years that the Republic of Moldova lacks a coherent strategy for economic transition and growth that is tailored to its own realities. Without such a vision, it is difficult to establish clear reform priorities. Instead, policy interventions tend to address individual sectors in isolation, without an overarching strategic direction or a coherent approach to the economy as a whole.

The higher education system illustrates this challenge. The Republic of Moldova has strong universities, yet the economy has not developed around them in a way that would allow research, innovation, and human capital development to become genuine engines of economic growth. I do not see such an approach reflected in the current government programme, nor is it clear whether this perspective will change.

Agriculture, by contrast, still offers significant opportunities for reform. Greater regional specialization and a stronger focus on organic production could provide viable development paths. The Republic of Moldova cannot compete with countries such as Ukraine in terms of production volumes, as they benefit from much greater economies of scale. It could, however, become more competitive through specialization and by producing higher value-added goods.

The outlook for industry is considerably more challenging. The Republic of Moldova has lost much of its manufacturing base, and its capacity to rebuild it is limited. Although the Tofan Government's programme refers to expanding processing industries, I remain sceptical that this objective can be achieved without the necessary human resources. If industrial development is expected to rely primarily on imported labour, then we must ask how realistic this strategy is and, ultimately, what model of economic growth the country is seeking to pursue.

The Results of Reforms Cannot Be Measured in Just Two or Three Years

Looking ahead, if the Tofan Government were to claim in two or three years' time that it had achieved its economic objectives, by what indicators should that success be measured? In your view, which criteria would be the most relevant: the pace of economic growth, the level of private investment, productivity, wage growth, the efficiency of tax revenue collection, or other indicators?

I do not believe that, within two or three years, the performance of the government can be convincingly assessed through macroeconomic indicators alone. Over such a short time horizon, a more meaningful assessment is likely to come from independent experts, since economic transformation is inherently gradual.

The reforms introduced today will not produce immediate results. Over the next two or three years, the Tofan Government may implement important changes, but their effects are unlikely to become visible until five or six years from now. Even then, there is no guarantee that the reforms will deliver the expected outcomes, that they have been implemented in the most effective way, or that alternative approaches would not have produced better results.

For this reason, any assessment over such a short period should focus primarily on the quality of the reforms and expert evaluations rather than on statistical indicators. Macroeconomic data may reflect developments driven by external factors or the delayed effects of reforms adopted many years earlier that are only now beginning to materialize.

Economic transformation is, by its very nature, a slow process. It is therefore unlikely that the Republic of Moldova will undergo significant structural changes within the next two or three years. We must recognize that the country faces an economic development gap of approximately 30–40 years compared with the European Union, and closing that gap requires a long-term strategy.

We are dealing with a process whose tangible results will only become visible over the next 10 to 20 years. The reforms must begin now, but their full impact will emerge much later.

From this perspective, any statistical indicator relating to the performance of the Republic of Moldova's economy should be interpreted with caution. Otherwise, there is a risk of drawing premature conclusions or of selectively using economic data for political purposes.

Thank you!

Vasile Tofan's Government: Old Problems on the Road to the European Union

Analysis by Denis Cenusa, associate expert with Expert-Grup

The inauguration of the new government in Chișinău, led by investment manager Vasile Tofan, comes almost ten months after the parliamentary elections of September 2025. His appointment as Prime Minister had been anticipated since last year. However, at that time, President Maia Sandu entrusted the mandate to Alexandru Munteanu, whose government remained in office for eight months.

Denis Cenusa, associate expert with Expert-Grup
Photo: Facebook

Like his predecessor, Vasile Tofan comes from the financial sector. For approximately 15 years, he worked at the investment company Horizon Capital before accepting the office of Prime Minister in July 2026.

With the support of 53 deputies from the parliamentary majority, Tofan became the fourth Prime Minister during the five years of governance by the Party of Action and Solidarity (PAS). Although he is not a member of PAS and has no direct political affiliation with the party, in 2025 he co-founded the civic movement Europe 2028, whose message on the Republic of Moldova's accession to the European Union largely overlapped with the central theme of PAS's electoral campaign.

Overall, Vasile Tofan opted to retain the current composition of the Cabinet, with changes affecting only the portfolios of Agriculture, Finance and Health. According to information circulating in the public domain, one of the reasons why he chose to keep almost the entire ministerial team was that he had reportedly been given the possibility to make subsequent changes to the composition of the Government, depending on the ministers' performance.

From Milei to PAS-Governed Moldova

A few days before his name began circulating publicly as a candidate for the office of Prime Minister, Vasile Tofan presented a package of measures which, in his view, would help address the Republic of Moldova's economic difficulties. Among the proposals were a 30% reduction in the size of the public administration, a cap on salaries in the public sector, the partial privatization of state-owned enterprises, and a reform of local public administration through the establishment of 40 municipalities.

Some of these proposals resemble the reform agenda on which economist Javier Milei won Argentina's 2023 presidential election. After taking office, Milei implemented a series of far-reaching measures, including reducing the number of ministries from 18 to 9, eliminating subsidies for energy and transport, liberalizing a number of regulated prices, and opening the way for the privatization of state-owned enterprises.

In Argentina, these reforms were presented as an attempt to dismantle the economic model that had taken shape under the Peronist governments of the previous 15 years, against the backdrop of a prolonged economic crisis. In the Republic of Moldova, by contrast, Vasile Tofan assumed the office of Prime Minister after five years of rule by the Party of Action and Solidarity (PAS) and President Maia Sandu. In this context, his government programme, entitled A European Economy, an Efficient State, aims to address the economic and social challenges that have accumulated over this period while accelerating the country's economic reform and modernization.

Some of the economic difficulties facing the Republic of Moldova stem from the regional geopolitical environment. Russia's military aggression against Ukraine, Ukrainian drone attacks on Russian oil infrastructure, and tensions in the Middle East, including disruptions in the Strait of Hormuz, have heightened economic uncertainty and affected energy and trade markets.

Other challenges, including those related to the budget deficit, are associated with shortcomings in the governance and management of the public sector. In recent months, these shortcomings have been reflected in the public debate surrounding the situation at MoldAtsa and the level of certain public sector salaries, which have been widely regarded as disproportionately high compared with the country's average wage.

The scale of these controversies prompted the new Prime Minister to propose a cap on public sector salaries, with the aim of sending a message of social fairness and reducing pressure on the state budget. To this end, the Secretary General of the Government, Alexei Buzu, was tasked with presenting concrete proposals by the end of July 2026, while the Prime Minister assumed responsibility for overseeing the process.

In a context where more than one-third of the population lives below the poverty line and economic growth remains modest, the issue of social equity has become increasingly prominent in the public debate. According to public opinion polls, 64% of citizens believe that the Republic of Moldova is moving in the wrong direction. Against this backdrop, the opposition is in a stronger position to mobilize public discontent, including through anti-government protests over natural gas tariffs, even at the very beginning of the Tofan Government's term in office.

Tofan's Programme: An Old Ambition, Semi-Radical Solutions

The government programme on the basis of which Vasile Tofan was confirmed in office rests on two main pillars. The first is the construction of an efficient state capable of improving living standards, while the second focuses on restarting the economy and advancing the country's accession to the European Union.

The section on economic recovery outlines policies aimed at preventing excessive regulation and unannounced inspections of businesses, promoting digitalization and industrialization, attracting private investment, reforming the tax system, and making more efficient use of state assets. The government also plans to invest in energy interconnections and energy efficiency in order to reduce production costs. However, a major challenge remains the limited transparency surrounding natural gas procurement, as well as the costly management of state-owned enterprises in the energy sector. Opposition proposals to grant greater access to the natural gas procurement process and to reduce administrative costs at Energocom and Moldovagaz S.A. could contribute to greater stability in energy tariffs, with positive spillover effects for the broader economy. At the same time, to strengthen the country's resilience to energy shocks, the new government has proposed quarterly tariff reviews, allowing prices to be adjusted in line with developments in the energy market.

The second key dimension that will test the effectiveness of Vasile Tofan's government is the country's accession process to the European Union (EU). The government has set itself two ambitious objectives: to conclude the accession negotiations and sign the Accession Treaty by the end of 2028, and to achieve full EU membership by 2030. However, the government programme pays comparatively little attention to two issues that are likely to have a decisive impact on the Republic of Moldova's European path.

First, the country's European ambitions face a major geopolitical challenge: the linkage of Moldova's accession process with that of Ukraine. Unlike the Republic of Moldova, Ukraine's accession path is shaped by a number of sensitive issues, including the protection of national minority rights (in relation to Hungary and, potentially, Romania should the AUR party come to power following early elections), differing interpretations of historical events (particularly with Poland), and concerns about the impact of enlargement on the agricultural sector (notably in France, Spain, Poland, and other member states).

Although decoupling Moldova's accession process from Ukraine's could allow all negotiating clusters to be opened more rapidly, Chișinău will nevertheless have to adopt and make public its negotiating positions on sensitive issues, such as the rules governing the acquisition of agricultural land by European Union citizens.

Another challenge the government will face is the management of the Transnistrian conflict. Failure to resolve the conflict could delay the country's accession to the European Union, even if, hypothetically, all negotiating chapters were to be provisionally closed.

Against this backdrop, the government proposes to operationalize the Convergence Fund for reintegration policies. The legislation establishing the Fund is expected to enter into force in August 2026, while its effectiveness will depend on both allocations from the state budget and external grant funding.

Even if the Fund becomes operational, the prospects for the reintegration process will also depend on the willingness of the authorities in Tiraspol to engage. So far, the de facto administration has opposed the initiative, describing it as a unilateral measure.

At the same time, the European Union has remained cautious about enlarging to include countries with unresolved territorial conflicts, with the notable exception of Cyprus.

What Lies Ahead?

Vasile Tofan's government has less than two years to restore the image of the Party of Action and Solidarity (PAS) ahead of the 2027 local elections and the 2028 presidential election.

During this period, pressure from the opposition is likely to intensify, driven by public dissatisfaction with the perceived lack of meritocracy in the public sector, energy tariffs, administrative-territorial reform, and fiscal reform, which could generate inflationary pressures and impose additional costs on businesses. At the same time, the government is facing the combined effects of several overlapping crises – economic, hydrological, energy-related, and a crisis of public confidence in governance.

This environment will test the Tofan Government's ability to revive the economy and generate the resources needed to restore the country's social contract, which has come under strain since 2022. Failure to do so could lead to an escalation of anti-government protests, potentially becoming the opposition's main source of electoral mobilization, whether in the regular election cycle or in the event of early elections should the situation deteriorate further.

On the other hand, tangible progress in the country's reintegration process and greater stability in Gagauzia could strengthen public confidence in the Tofan Government. Nevertheless, the political benefits of such achievements are likely to prove short-lived unless addressing the country's socio-economic challenges becomes an immediate priority on the government's agenda.

Imprint

Publisher
Friedrich-Ebert-Stiftung e. V.
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July 2026

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