



Republic of Moldova

Population ¹	3,549,196
Area (km ²) ¹	33,850
GDP per capita (USD) ¹	2,724.49
TPES (Mtoe) ²	3.80
Energy intensity (toe/10 ³ 2010 USD) ²	0.52
CO ₂ emissions - energy (MtCO ₂) ²	7.70

Sources:

1. The World Bank 2017

2. ©IEA 2018, www.iea.org/statistics

Moldova’s overall risk level against the assessed areas is **very low**.

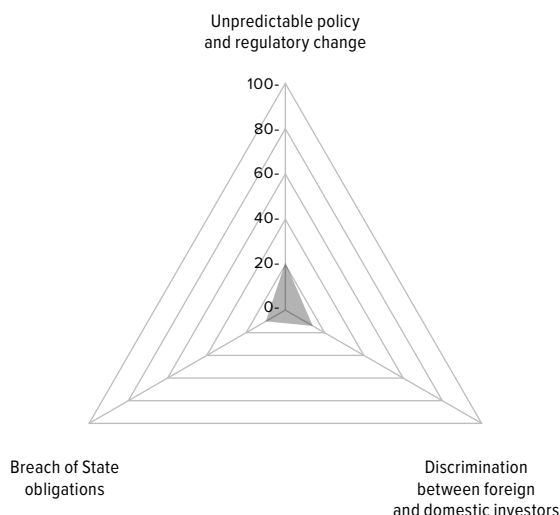
Among the three EIRA risk areas *breach of State obligations* and *discrimination between foreign and domestic investors* continue to be lower compared to *unpredictable policy and regulatory change*.

Moldova’s performance is very good on three of the EIRA indicators, and it is good on one indicator. Its score on the indicators *rule of law* (90), *regulatory environment and investment conditions* (85), and *management of decision-making processes* (83) continues to be very good. The performance on *foresight of policy and regulatory change* has dropped by 1 point and now stands at 63.

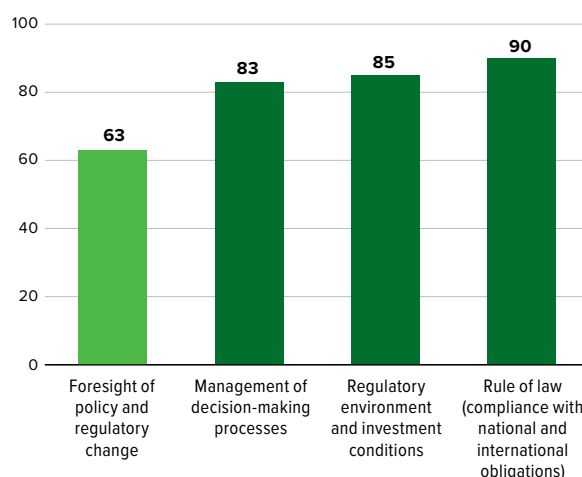
On a more detailed level, Moldova’s overall sub-indicator performance is very good. The highest-scoring sub-indicators are *regulatory effectiveness* and *respect for property rights*, with 100 points each. There are no changes to the scores on *transparency* (85), *institutional governance* (81), *management and settlement of investor-State disputes* (80) and *restrictions on FDI* (70). On *communication of vision and policies* its performance has gone down by 2 points. This now has a score of 63, the same as *robustness of policy goals and commitments*.

Moldova continues to provide attractive conditions for investors. Attention should again be given to better communicating the country’s vision and policies.

RISK LEVEL



INDICATOR PERFORMANCE

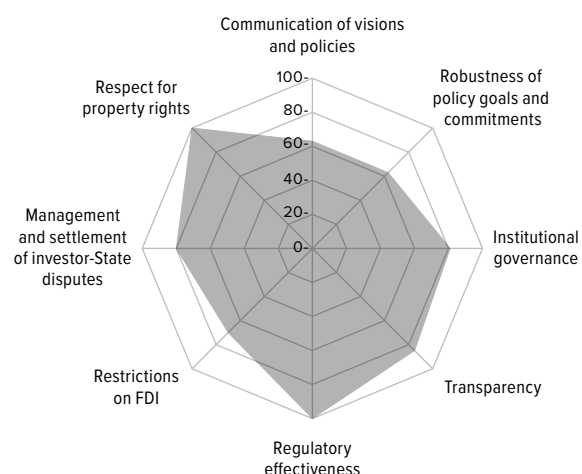


YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019
Unpredictable policy and regulatory change	21	21
Discrimination between foreign and domestic investors	14	14
Breach of State obligations	10	10

INDICATORS	2018	2019
Foresight of policy and regulatory change	64	63
Management of decision-making processes	83	83
Regulatory environment and investment conditions	85	85
Rule of law	90	90

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

The main strategic document for the energy sector is the Energy Strategy of the Republic of Moldova until 2030 (adopted in 2012). In October 2018, a revised version of the Energy Strategy 2030 was submitted for public consultation.

Moldova ratified the Paris Agreement in 2017 and submitted its first NDCs.

STRENGTHS

The key strategic objectives of Moldova are ensuring the security of supply, promoting the sustainability of the energy sector and fulfilling the prerequisites for market liberalisation. In 2018, Moldova took significant steps to enhance energy security and diversify its resource base. In particular, progress was made on the development of a significant gas pipeline project. Moreover, national legislation came into force to scale up investment in renewable energy and transpose the principles set in the EU's Guidelines on State aid for environmental protection and energy 2014-2020. The legislation supports development of small-scale, community-based renewable energy projects as a means to achieve local autonomy and distributed energy generation. Additionally, the new Law no. 139 of 2018 "On Energy Efficiency" provides the necessary legal basis for the adoption of measures such as the rehabilitation of public buildings, the introduction of energy efficiency criteria in public procurement, and the promotion of energy performance contracts.

The Energy Strategy 2030 envisages data collection and monitoring mechanisms. The responsibility for implementing the energy goals belongs to various bodies, including ministries, the National Energy Regulatory Agency (ANRE), and the Energy Efficiency Agency. The latter is mandated to make country-wide efforts towards achieving the country's energy efficiency and renewable targets. Following its restructuring in 2018, the Energy Efficiency Agency is also responsible for providing financial support to relevant projects through the State budget, and from regional and international financial markets.

AREAS FOR IMPROVEMENT

The short- and mid-term targets in the Energy Strategy 2030 must be supplemented with the inclusion of long-term objectives and specific timelines for their achievement. This is particularly the case for renewables, where the target set for 2020 has already been achieved.

To fully realise the impact of the new renewable energy law, secondary regulations and implementation plans underpinning it should be devised, after impact assessment and deliberation with experts and stakeholders. They should clarify outstanding matters such as documentation for tendering procedure and eligibility for small renewable electricity producers.

Management of decision-making processes

QUICK FACTS

The Ministry of Economy and Infrastructure is responsible for formulating energy and investment policies.

The new Moldovan Investment Agency provides information and assistance to potential investors.

The Ministry of Agriculture, Regional Development and Environment oversees the implementation of the country's NDC.

In 2018, Law no. 100 of 2017 "On the Normative Acts" came into force.

STRENGTHS

Coordination among State bodies at national and regional level is required under Law no. 239 of 2008 "On Transparency in the Decision-Making Process". In 2018, the Government adopted the Action Plan 2018-2020 on the implementation of the Reform Strategy for Entrepreneurship (2013-2020) as part of an overall scheme to optimise the regulatory framework for business activity. The Action Plan is structured around two main axes, namely, the implementation of trade- and investment-facilitating mechanisms and the improvement of strategic communications between private and public actors.

The Constitution and Law no. 982 of 2000 "On Access to Information" establish a "right-to-know", which can be restricted only for a limited number of cases. All State authorities, including ANRE, are obliged to publish relevant laws as well as data on their activities. The creation of a State Registry of Legal Acts represents a significant effort towards systematising the publication process and facilitating access to legal information. Government bodies generally engage the public in the decision-making process. To enhance openness and inclusiveness, the recently amended Law no. 131 of 2015 "On Public Procurement" requires the electronic availability of the awarding documentation and the organisation by the contracting authority of market consultation with economic operators and independent experts.

AREAS FOR IMPROVEMENT

The Government should accelerate the adoption of business-enabling reforms contained in the Action Plan 2018-2020. This includes the creation of a one-stop shop and the possibility of online registration. This will assist in alleviating the administrative burden of private investors, who are currently subject to multiple and lengthy registration, licence and permit application processes.

The country has a robust legislative framework to guarantee transparency and public participation in the country's decision-making process. Public authorities should abide by these requirements in practice by making sure that their reports are regularly published and their websites are properly updated.

Regulatory environment and investment conditions

QUICK FACTS

Law no. 174 of 2017 “On Energy” complies with the EU acquis regarding the role and competences of the ANRE.

Equal treatment to domestic and foreign investors is guaranteed under Law no. 81 of 2004 “On Investments in Entrepreneurial Activity”.

STRENGTHS

In December 2018, Decision no. 334 “On the Approval of the Regulation for the Organisation and Functioning of ANRE” was adopted. It reaffirms the status of ANRE as a separate legal entity and reinforces its political and functional independence. The ANRE is headed by a Board of Directors, appointed by the Parliament following an open competition. The Board members cannot seek or accept instructions from private actors and public authorities, including the Parliament. The Director General employs ANRE’s staff in accordance with regulations approved by the Management Board, and on the basis of defined, transparent and non-discriminatory qualification criteria. Vacancy announcements are posted on its website.

The transposition of core EU energy legislation has resulted in the adoption of competitive and liberalised market principles, especially in the electricity and natural gas fields. These reforms have enhanced the investment environment of the country. Law no. 10 of 2016 “On the Promotion of the Use of Energy from Renewables Sources”, in force since 2018, provides for new support mechanisms for large renewable projects. It also guarantees non-discriminatory access to the grid and priority dispatch. Capacity auctions are planned for 2019. The recently approved regulation on tendering provides an initial framework for organising auctions that grant “eligible producer” status to large investors. This is done through the establishment of unequivocal, objective, transparent and non-discriminatory procedures, conditions and criteria.

AREAS FOR IMPROVEMENT

Special attention has been given to the improvement of the ANRE’s work. In line with the recommendation made in 2018, the provisions concerning its independence should be effectively applied on the ground, especially in terms of managing tariff policies and curbing monopolistic behaviour of certain actors in energy procurement.

Efforts should be intensified to ensure the much-anticipated unbundling of the supply from the transmission system in the country’s gas sub-sector. To this end, a detailed action plan must be prepared, consulted with the civil society and foreign partners, and duly published.

Rule of law

QUICK FACTS

Moldova ratified the Energy Charter Treaty in 1996.

Moldova ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 2011.

Moldova acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1998.

STRENGTHS

The Code of Civil Procedure no. 225-XV of 2003 stipulates the general jurisdiction for hearing contractual disputes. Alternative dispute resolution mechanisms are envisaged in national legislation. Prior exhaustion of local remedies is not a prerequisite for arbitration. As part of a wider policy to promote alternative dispute resolution mechanisms, the Supreme Court of Justice has devoted significant efforts to unifying court practice of recognition and enforcement of foreign arbitral awards and aligning it with the international standards. There have been no retroactive changes to laws, detrimentally affecting foreign investors, in the last five years.

In general, the expropriation procedures are governed by Law no. 488 of 1999 “On Expropriation for a Cause of Public Utility” and detailed by Government Decision no. 660 of 2006. The expropriating authority has to value the property both at market value and normative value. Cash compensation at market rate or normative rate, whichever is higher, is paid to the affected party prior to expropriation. The 2018 amendments in the Law “With Regard to Natural Gas” and the Law “With Regard to Electricity” set forth additional conditions for lawful takings in the case of energy-related projects. They also list the criteria for determining the compensation owed due to damage caused by system operators in the exercise of the rights of use and servitude. Moldova is a party to various international treaties and conventions in the field of intellectual property rights. It also has in place domestic laws and BITs that recognise and protect intellectual property rights as a form of investment.

AREAS FOR IMPROVEMENT

Significant efforts have already been undertaken to improve the judicial framework and processes. However, as recommended in 2018, the introduction of timeframes for the examination of cases and the delivery of judgments will ensure effective access to justice. Consequently, it will help the country secure compliance with its obligations under the European Convention for the Protection of Human Rights and Fundamental Freedoms.