

# MOLDOVA



COUNTRY ASSESSMENTS

## HIGHLIGHTS

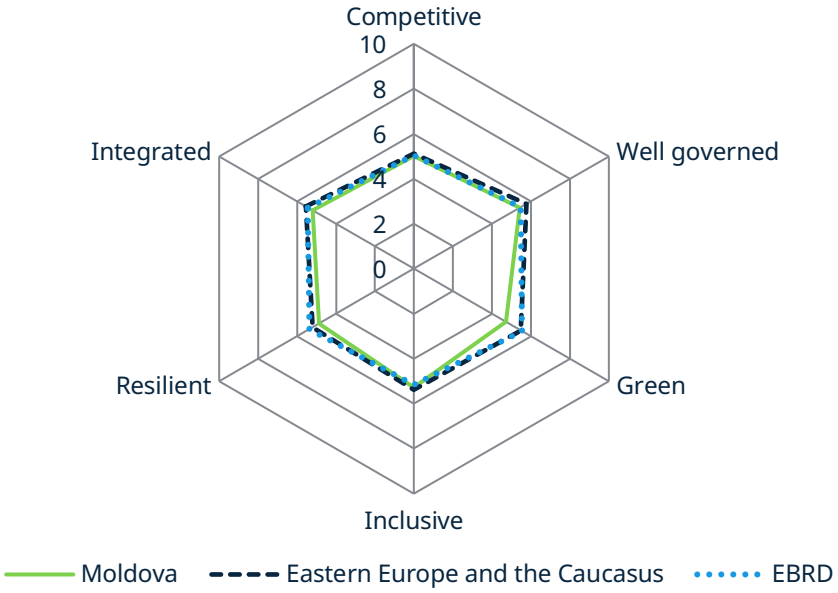
- **The economy continued to grow in the first half of 2026, despite an unfavourable external environment.** Manufacturing, retail trade, transport and agriculture drove growth of 0.6 per cent year on year in the first half, while construction and information and communication technology underperformed. Widening external imbalances and persistent energy security challenges remain downside risks.
- **European Union (EU) accession negotiations advanced with the opening of four negotiating clusters:** cluster 1 on fundamentals in June 2026, cluster 6 on external relations in July 2026, and clusters 2 (on internal market) and 3 (on competitiveness and inclusive growth) in October 2026. Moldova became an operational member of the Single Euro Payments Area (SEPA) in October 2025.
- **The authorities presented a revised fiscal package for 2027 and advanced local government reforms.** The package covers formalisation of the economy, investment incentives, excise duties and value-added tax (VAT). Local government reforms also progressed, with financial incentives encouraging local government units to merge voluntarily.

*For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.*

## KEY PRIORITIES FOR 2027

- **Advance EU accession reforms.** The authorities should maintain the momentum by meeting the reform benchmarks, in line with the government's objective of signing the accession treaty by the end of 2028.
- **Keep driving tax and local government reforms.** The implementation of the 2027 fiscal package, reform of local government and the gradual fiscal integration of Transnistria will require sustained political commitment and government stability, and must remain aligned with Moldova's EU accession agenda.
- **Shift the green transition from capacity expansion to system integration, resilience and market liberalisation.** With renewable generation capacity now exceeding 1 GW, efforts should focus on deploying energy storage, completing strategic interconnectors with Romania and deepening electricity market liberalisation.

## ASSESSMENT OF TRANSITION QUALITIES (1-10)




*For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.*

## KEY REFORMS AND POLICY DEVELOPMENTS[1]

### EU accession

- The EU and Moldova opened cluster 1 (fundamentals) of the accession negotiations in June 2026, covering the judiciary and fundamental rights, justice-sector reform, public procurement and economic criteria. Negotiations on cluster 6 (external relations) followed in July 2026, and on clusters 2 (internal market) and 3 (competitiveness and inclusive growth) in October 2026.

1 From the fourth quarter of 2025 to October 2026.

- Integration into the EU single market advanced with accession to SEPA and the introduction of Roam Like at Home measures, reducing the cost of cross-border payments and communications. By mid-August 2026, nearly 80 per cent of euro transfers were processed through SEPA, cutting average transaction costs from between €20 and €150 to around €1 and enabling Moldovan firms to operate under the same payment standards as EU businesses.

**Tax reform**

- The draft package, proposed in August 2026, would raise the personal income tax exemption by approximately 35 per cent to MDL 40,000 (€2,000), in a bid to reduce the informal economy. The package would also expand the tax base for capital income, increase dividend and bank profit taxes, extend the zero-tax regime for reinvested profits to larger firms, and align tax treatment for small agricultural households with that of enterprises.
- From September 2026, Transnistrian firms importing non-essential goods are subject to Moldovan VAT and excise duties, with tax coverage to be extended to 2030 under a phased convergence plan. The resulting revenues are earmarked for regional infrastructure and development projects through the Convergence Fund – a new mechanism created by the Moldovan authorities to finance Transnistria's gradual economic and social integration.

**Energy market reform**

- From April 2027, household gas and electricity consumption above set thresholds will be subject to the standard 20 per cent VAT rate. The reform protects basic consumption by vulnerable households while taxing higher energy use at the full rate. This supports fiscal sustainability and brings Moldova into line with EU VAT rules.
- Moldova held its second renewables auction at the end of 2025, which introduced co-located battery-storage requirements. Together with the launch of OPEM's (the energy market operator of Moldova) day-ahead electricity market in December 2025, these measures reflect a growing policy focus on deploying energy storage and liberalising the electricity market.

**Local government reform**

- Launched in April 2026, the reform will improve the management of municipalities, including public financial management and project development. It will also introduce a minimum population threshold of 3,000 inhabitants for mayoralties and consolidate the 32 districts into larger regional zones, with the aim of strengthening local economies and improving the efficiency of public-service delivery. The authorities are facilitating progress by providing financial incentives to local governments to merge voluntarily.

**Education reform**

- The "Restart in Education" reform places schools under Ministry of Education and Research oversight through 35 territorial education agencies. It also shifts school financing to the state budget, aiming to reduce regional disparities and improve governance.