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## One Year into the Growth Plan: Between Reform Ambition and Absorption Capacity

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**THE ACTION TANK**

Moldova's economy entered 2025 under significant structural pressures. In 2024, real GDP growth slowed to just 0.1%, well below the initial forecasts of international institutions, which estimated growth of more than [2%](#). The slowdown has highlighted structural vulnerabilities, in particular a growth pattern that is still heavily dependent on private consumption, supported by modest real wage growth, social transfers and credit [expansion](#). At the same time, the budget deficit reached 3.9% of GDP, reflecting persistent pressures on social and energy spending. Although economic activity has recovered in 2025, with GDP growth of 2.4%, imbalances persist: investments remain cautious, investment lending is low, and the trade deficit has increased by 29.6%, confirming the dependence on imports.

In this context, the EU Growth Plan for the Republic of Moldova is both a financial lifeline and a test of the institutional capacity to implement reforms. With a total budget of €1.9 billion, [including](#) € 520 million in non-repayable support and up to €1.5 billion in long-term concessional loans, the Plan supports 56 reforms and 153 actions aimed at economic modernisation, good governance and competitiveness.

While this mechanism provides a structured framework for reform and the absorption of funding, several challenges have been identified: limited administrative capacity, undersized institutions dependent on external assistance, and low involvement of civil society, which can affect transparency and fair allocation of resources.

### KEY RECOMMENDATIONS

To achieve its purpose, the Plan must go beyond mere disbursement, and the Republic of Moldova will have to:

- **Strengthen financial monitoring and transparency mechanisms** to ensure clear public reporting on the allocation and use of Growth Plan funds;
- **Ensure that the selection of projects follows the reform priorities**, by clarifying the criteria and linking them to a formal monitoring mechanism;
- **Institutionalise multilateral monitoring**, with the active participation of civil society;
- **Strengthen the absorption capacity** of local public administration authorities.

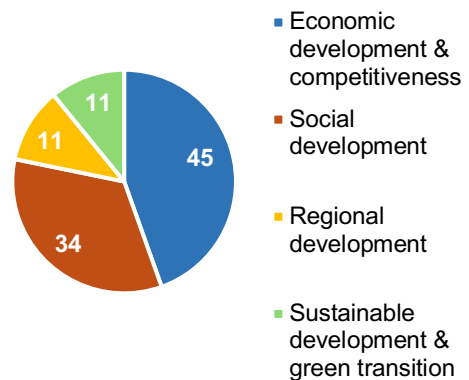
## BACKGROUND

The Growth Plan for the Republic of Moldova is a key component of a broader EU strategy to support the economic development and resilience of candidate countries. Formally adopted in October 2024 and launched in early 2025, the Plan is aligned with the EU's approach to the Western Balkans, where similar initiatives have combined reform conditionality with investment incentives.

The plan mobilises €1.885 billion (~3% interest, 10-year grace period and 40-year maturity)<sup>1</sup> in total support for:

- **Advancing structural reforms** – with a focus on the fight against corruption, the independence of the judiciary and the modernization of public administration;
- **Investments in strategic infrastructure** – improving digital connectivity, energy security and transport networks;
- **Promoting integration into the EU market** – aligning national legislation with the EU acquis, in particular in the field of financial control and public procurement.

[The](#) indicative list of strategic investment projects attached to the Reform Agenda of the Growth Plan of the Republic of Moldova was validated in February 2025. The document covers more than 100 projects, although it is not clear to what extent it has been updated or used in practice. [The](#) November 2025 decisions confirm that ministries have been asked to review or withdraw proposals, in line with evolving government priorities.



*Source: Indicative list of strategic investment projects validated by PV no. 4 of the Interministerial Committee for Strategic Planning of 28.02.2025 (101 projects in total). Classification by areas – projects grouped according to the main declared objective.*

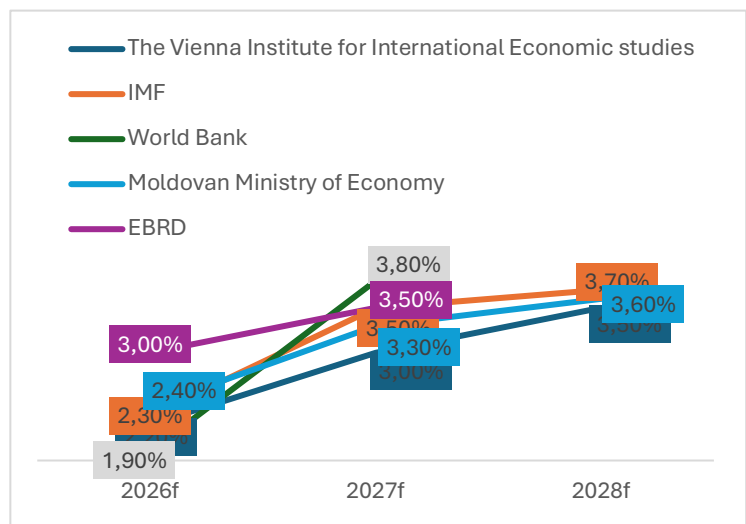
**Table 1. Summary of key areas and related structural reforms**

Domain	Main structural reform
<b>Business and SMEs</b>	Regional state aid scheme (attracting private investment of > 500 million euros), industrial parks, start-up and scaling funds.
<b>Agriculture and rural development</b>	Preparation of AIPA for accreditation (EU standards), full implementation of IACS (State Aid Management System in Agriculture), alignment with the European Agricultural Policy.
<b>Energy</b>	Battery Energy Storage System (BESS), interconnection with ENTSO-E completed, market liberalization, energy efficiency of buildings.
<b>Environment and climate</b>	Expansion of the forest fund by +145,000 hectares, creation of integrated waste management infrastructure.
<b>Digitalization</b>	Full interoperability of public systems, e-government, single digital cadastre, e-Health.
<b>Justice and Home Affairs</b>	Reform of the SAFE penitentiary, full implementation of the e-Judicial File.
<b>Health</b>	Regionalization of emergency medical services, electronic patient file at national level, specialized centers.

<sup>1</sup> The European Commission, *the Growth Plan and the EU-Republic of Moldova Reform Agenda*, complemented by information provided by the EU institutions and the authorities of the Republic of Moldova in the framework of stakeholder consultations. The interest rate applied to each tranche will be set on the basis of the European Commission's borrowing costs on international financial markets.

According to the forecasts in the [Reform Agenda](#), the successful absorption of funds is expected to increase average annual real GDP from the current level of 0–2% to an optimistic level of 5.3% in 2028. However, international rating agencies, as well as the Ministry of Economy of the Republic of Moldova, present less optimistic forecasts.

*Note: According to revised forecasts: World Bank (April 2026), IMF (March 2026), EBRD (February 2026), Vienna Institute of International Economic Studies (January 2026), and Ministry of Economic Development and Digitalization (December 2025).*



## GOVERNANCE AND IMPLEMENTATION STRUCTURE

The Growth Plan is based on the principle of conditionality, linking the granting of funds to the achievement of reform objectives verified by half-yearly reports. Coordination at national level is ensured by the State Chancellery and external verification is carried out by the European Commission (DG ENEST). The State Chancellery coordinates the Plan with the support of the Ministry of Finance and the relevant ministries.

The implementation framework includes:

- **Staggered payments** – the progress of reforms leads to the disbursement of tranches from the EU;
- **Supervisory committees** – ensuring inter-ministerial coordination and communication with DG ENEST;
- **Integration with other EU instruments** – such as NDICI grants<sup>2</sup>, macro-financial assistance and Budget Plus<sup>3</sup>.

This framework is designed to ensure the efficient absorption of funds and the implementation of reforms. At the same time, some elements of the national monitoring framework are still being formalised. Although the Reform Agenda, adopted in May 2025, provides for the approval of a national monitoring mechanism within six months, the corresponding government decision has not yet been adopted.

[The proposed framework](#) (which has not yet entered into force) provides for central coordination and structured reporting on progress in the reform process. Although the Reform Agenda includes certain provisions on transparency and reporting, and information on payments is available through [the](#) European Commission (EC) platform, the lack of an approved national monitoring mechanism still limits clarity on how transparency is ensured at national level.

<sup>2</sup>Neighbourhood, Development and International Cooperation Instrument: the EU's main financial instrument for external action in the period 2021–2027.

<sup>3</sup>The +PLUS budget is a national financial package announced by the Government of the Republic of Moldova in April 2025, supported by EU funding through the Growth Plan and the Energy Resilience Programme, aimed at compensating energy costs for citizens and financing infrastructure investments.

**Table 2.** Proposed institutional architecture – Reform and Growth Mechanism

Level of interaction	Moldova-EU	Political level	Technical level
<b>Monitoring Committee</b> Co-chaired by the National Coordinator and representative of the EC. Evaluate the implementation of the reform.		<b>National Coordinator</b> Prime Minister. Strategic dialogue with the European Commission. General coordination.	<b>Council for the Coordination of Sustainable Development</b> The Government's Advisory Body. Validate progress reports.
<b>Trilateral Investment Committee</b> EC + Government of the Republic of Moldova + Financial Institutions. Identify investment projects.		<b>CIPS</b> High-level coordination. Approve reports and allocations of funds.	<b>State Chancellery</b> National contact point, compiles reports. <b>Ministry of Finance</b> Coordination of budget and payment requests. <b>Responsible authorities</b> Implementation of reforms and projects.

## CHALLENGES AND OPPORTUNITIES

While the Plan provides unprecedented support, the institutional environment and systemic challenges in Moldova are obvious constraints:

- **Administrative capacity** – lack of staff (e.g., only 7 out of 10 key positions are occupied at the State Chancellery<sup>4</sup>; The EBRD financed 13 posts in state institutions);
- **Financial monitoring** – the lack of financial monitoring at project level within national systems limits the ability to track how Growth Plan funds are allocated and implemented;
- **Limited absorption capacity** – local public administration often lacks expertise in project management;
- **Fragmented public reporting** – although the European Commission publishes structured information on the key milestones of the Plan, public reporting by national authorities on the state of implementation of investment projects remains limited. Updates on project progress, timetables and financial implementation are not yet systematically communicated in a nationally accessible format.

Beyond the administrative constraints, questions arise regarding the strategic relevance of the investments selected under the Reform Agenda. The proposal to [cover](#) the lack of IMF financing using Growth Plan funds risks diverting resources from long-term investments to short-term stabilization. The fact that the €1.9 billion package has become flexible further underlines the need for regular consultations with civil society and business. To ensure legitimacy and alignment with societal priorities, a biannual assessment of public needs should guide future adjustments.

Experience from the Western Balkans Growth Plan shows that while the mechanism has enabled rapid initial progress – such as the adoption of the Reform Agendas by five of the six countries within months of launch and the release of €414 million by mid-2025, with tangible gains such as the accession of 32 banks to the SEPA payment system in October 2025 – these successes are tempered by persistent obstacles which also reflects Moldova's vulnerabilities. For example, rushed deadlines led to inadequate public consultations and impact assessments, as [pointed out](#)

<sup>4</sup>Author's interviews with representatives of the State Chancellery, Chisinau, September 2025.



by the European Economic and Social Committee, which led to transparency deficiencies and limited civil society involvement, slowing down the absorption process in countries with a slower pace of implementation, such as Bosnia and Herzegovina, where the approval of the agenda was [postponed](#) until the end of 2025.

Although countries have set out to implement [85%](#) of the reforms planned for 2025, economic growth in the Western Balkans is projected to [slow](#) from 3.6% in 2024 to just 3.0% in 2025. Financial support (€6 billion) remains relatively modest compared to the scale of the economic challenges facing the region, especially in the context of an unfavourable external environment and domestic economic pressures.

For Moldova, these experiences highlight both opportunities and risks. The Growth Plan can show whether the country is ready to manage accession funds before the accession itself, although a genuine public consultation is essential for this.

## REFORM AGENDA AND FUNDING STRUCTURE

Despite signs of stabilization, Moldova's economy remains fragile. In 2025, the growth prospects have improved slightly. According to the National Bureau of Statistics, real GDP growth reached 2.4%. While this represents a positive evolution compared to the technical recession recorded between the third quarter of 2024 and the first quarter of 2025, the accumulated vulnerabilities persist and this financial package will play an important role.

At least 25% of the EU-Moldova Growth Plan funds are allocated to capital investments and will be co-financed by the Government of the Republic of Moldova, while 75% [constitutes](#) general budget support.

The grant component will finance structural support measures, such as public administration reform, private sector development (including ODA programmes) and integrity assurance processes. Knowledge and capacity building activities are largely managed by the EU Delegation to the Republic of Moldova. The loan component, on the other hand, primarily supports the implementation of reforms at the state level, rather than the direct financing of projects. Therefore, the Plan is expected to influence Moldova's economy in two ways:

1. **Public investment multiplier** – as part of the funds are to be allocated under a co-financed programme, it is likely that the Growth Plan will attract an amount two or three times higher than initially expected;
2. **Integration into the EU market** – harmonisation of standards and regulations can help increase exports and investor confidence.

**Table 3.** *Disbursement of funds from the Growth Plan: May 2025 – March 2026*

Date	Amount	Type	Description
May 21, 2025	€270 million	Pre-financing	Announced at the EU-Moldova Summit.
25 July 2025	€24.3m	Pre-financing	As part of the pre-financing.
August 27, 2025	€20.6m	Tranche I	Published after the EC assessed that Moldova met four reform indicators.
March 11, 2026	€189 million	Tranche II	Published after the submission of the reform implementation reports.

Although several payments have already been made, consolidated public reporting at national level remains limited. Detailed updates on the implementation of the Reform Agenda and the progress of investment projects are not yet systematically communicated through national



platforms in a format accessible to the general public. In this context, structural, institutional and governance gaps represent a significant risk to the implementation of the Growth Plan. In particular:

- Investments risk benefiting only a limited number of regions or sectors if the selection of projects is not assessed on strategic priority issues;
- Limited communication can reinforce public scepticism, undermining domestic support for EU integration.

## CONCLUSIONS

One year after implementation, limited public communication and fragmented reporting at national level on the Growth Plan risks undermining the perception of its effectiveness. While some information on key stages of reforms and settlements is available through the European Commission's platforms, consolidated public information at national level on financial allocations, project implementation and reform progress remains limited. For example, although the government has approved the implementation report for 2025, which served as the basis for requesting the next payment from the European Commission, the report itself has not yet been made public.

At the same time, limited public information about a national monitoring mechanism raises questions about how project selection and verification of reforms are carried out in practice. This opacity weakens public understanding of how EU support translates into concrete results.

Despite these challenges, the EU Growth Plan offers Moldova a unique window for reform, modernisation and convergence with the European Union. If properly implemented, the Plan can become a benchmark for responsible governance in Moldova's EU integration journey and a turning point in restoring public trust in the power of reforms.

For Moldova, the Growth Plan is more than financial assistance – it is a test of institutional maturity and political will. The way the country absorbs these funds, reports on their use and carries out measurable reforms will signal to EU partners whether Moldova is ready not only for accession negotiations, but also for the responsibilities that EU membership entails.

## RECOMMENDATIONS

To ensure that the Growth Plan generates tangible results, its implementation must go beyond the mere allocation of funds. The authorities of the Republic of Moldova should:

1. **To strengthen administrative capacity** – to fill vacancies within the State Chancellery and the relevant ministries;
2. **Increase financial transparency** – correlate Treasury allocations with project-level monitoring and publish detailed, publicly accessible half-yearly reports;
3. **Institutionalize accountability** – formalize civil society participation in monitoring committees and create digital feedback platforms for citizens;
4. **Ensure a clear allocation of funds for projects** – publish project selection criteria;
5. **Support local absorption** – strengthen the capacity of local authorities to manage projects through targeted training and incentives for cooperation between localities.

### European Commission (DG ENEST):

1. **Maintaining strict conditionality** – continuing conditionality-based payments and independent audits;
2. **Supporting capacity building** – expanding technical assistance focused on public finance management and reporting.





### Civil society and citizens:

- **Monitoring and reporting** – using available tools to track implementation and flag inefficiencies (through published government decisions, CIPS meetings, etc.);
- **Promoting accountability** – requiring full publication of financial and reform progress data.

### Authors' note

*This policy brief was conceptualized within the [Think Tank School](#), a program by the [Think Tank Lab](#) (a joint project by DGAP and MERICS), drawing on analytical tools and methodologies developed within the program. The text is based on research carried out using publicly available data, with hyperlinked references. In order to better understand the context, the analysis also includes conclusions from interviews with representatives of DG ENEST, the State Chancellery, the Ministry of Finance, as well as with experts of civil society in the Republic of Moldova. Data included in this document are published with the prior consent of the interviewees. While every effort has been made to ensure the accuracy of the information, certain aspects may evolve as the implementation of the Growth Plan progresses.*