

Semi-annual report

on the fulfilment of the Reform Agenda's payment conditions

Introduction

The Republic of Moldova has signed with the European Union the Facility **Agreement** between the Republic of Moldova and the European Union on the specific modalities for implementing the support provided by the European Union under the Reform and Growth Mechanism for the Republic of Moldova, ratified by Law no. 98/2025 (hereinafter – the Facility Agreement), which represents the legal basis for the financial the Commission and the Republic of Moldova under Regulation (EU) 2025/535, also regulating among other elements, detailed provisions concerning the management, control, supervision, monitoring, evaluation, reporting and audit of the funds under the Facility as well as the measures to effectively prevent, detect, correct, and report irregularities, fraud, corruption and other illegal activities affecting the Union's financial interests, including conflicts of interests as well as to enable their effective integration and prosecution, by the competent Union and/or national bodies.

The Agreement establishes the commitments between the parties and main principles and requirements for the funds made available by the European Commission through the Reform and Growth Mechanism for the Republic of Moldova to be released upon the positive assessment of the satisfactory fulfilment by the Republic of Moldova of the payment conditions set out in the Reform Agenda and in accordance with the rules of this Agreement and the Loan Agreement between the Republic of Moldova, represented by the Ministry of Finance as the borrower, and the National Bank of Moldova as the agent of the borrower, and the EU, represented by the European Commission (EC) as the lender, ratified by Law No. 118/2025.

According to the provisions of article 14 of the Facility Agreement, with the exception of the pre-financing, the Republic of Moldova shall submit twice per year a duly justified request for the release of funds using the template provided in Annex A to this Agreement. Each request for the release of funds shall report on the payment conditions related to the quantitative and qualitative steps set out in the Reform Agenda that were planned to be implemented by the end of the preceding six-months period as per the indicative timetable included in the Reform Agenda. These six-months periods will end on 30 June and 31 December of each year, starting on 30 June 2025, and ending on 31 December 2027. With each request for the release of funds submitted to the Commission, the Republic of Moldova shall submit the required evidence showing the satisfactory fulfilment of the qualitative and quantitative steps set out in the relevant Annex to the Commission implementing decision.

Therefore, this report accompanies the request for release of funds (Annex A) and presents a detailed assessment of (i) the level of implementation the reform measures that are due 30 June 2025, (ii) the reforms measures that are due in December 2025 and fully achieved by 30 June as well as prospects on the progress of the implementation of the reform actions due in December

2025 from the Reform Agenda. The report provides a clear picture of the state of reform measures implementation, based on the related indicators, the established benchmarks and the agreed qualitative and quantitative steps.

The report is structured in 2 parts:

1. Detailed information on reforms completed during the reporting period: This part of the report contains detailed descriptions of each of the reform measures implemented and completed during the reporting semester, according to Annex 2 of the Annex A of the Facility Agreement, for which disbursement of funds from the European Union is requested, including reform measures due in December 2025 and fully achieved by 30 June 2025.

2. Prospects for the implementation of the reforms required for the next tranche of funds : This section presents an assessment of the likelihood of fulfilling the conditions required for the release of the next tranche of funds, based on the current state of implementation. It includes a description of the planned reforms due in December 2025.

1. Reforms completed during the reporting period and for which disbursement is requested

According to the situation on June 30, 2025, **4 reform measures were fully implemented**, one of which is due in June 2025 and three that are due in December 2025:

- 6.1.4. The designated electricity market operator is nominated - June 2025
- 6.1.7. Parliament adopts the VAT Law, which is harmonized with EU legislation for wholesale market integration - December 2025
- 6.2.9. The provider of last resort / public service obligation is designated by ANRE, based on a transparent and non-discriminatory procedure - December 2025
- 6.3.11. ANRE decides on the opinion resubmitted by the ministry and considers reopening the certification of Vestmoldtransgaz regarding ownership of the transmission system - December 2025

Reform 6.1. Open and competitive electricity market

For the implementation of reform **6.1. *Open and competitive electricity market*** and in order to implement the objective of *creating an efficient, secure and fully integrated electricity market that ensures grid stability, facilitates cross-border trade, supports the integration of renewable energy and promotes competition through transparent, market-based mechanisms - aligning the legal, regulatory and fiscal frameworks of the Republic of Moldova with EU standards to encourage investment, efficiency and consumer protection* ” 2 steps have been completed.

By Decision of the Board of Directors of the National Agency for Energy Regulation no. 370 of 29.06.2025,, *On the designation of SRL "Operatorul Pieței de Energie M" as designated electricity market operator (OPEED)* " ¹ (Annex 1) , SRL "Operatorul Pieței de Energie M" has been designated as the electricity market operator with the task of achieving the international coupling of the day-ahead electricity market and the intraday electricity market. (**step 6.1.4.**)

¹ <https://anre.md/registrul-hotararilor-consiliului-de-administrare-al-anre-3-358>

Reporting fiche for step 6.1.4.

The step under review	Pillar 6 Energy security and efficiency Subarea - Energy Reform 1 - Open and competitive electricity market Step 4 - NEMO is designated to perform tasks related to single day-ahead and single intraday coupling in line with Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (CACM) Payment condition – Nominated Electricity Market Operator designated
Baseline	Currently no NEMO is designated.
Deadline of the step	June 2025
Actual results	On 29 June 2025, the company “Operatorul Pieței de Energie M” LLC was designated by the National Agency for Energy Regulation (ANRE) as the nominated electricity market operator, with the responsibility for implementing the day-ahead and intraday electricity market coupling. The designation was made in accordance with Article 821(3) of Law No. 107/2016 on electricity and Article 16 of Law No. 174/2017 on energy, as well as in compliance with the Ministerial Council Decision of the Energy Community D/2022/03/MC-EnG, which provides for the transposition of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management, following the examination of request No. 8 of 19 June 2025 submitted by “Operatorul Pieței de Energie M” LLC.
Evidence provided	Decision No. 370 of 29 June 2025 of the Board of Administration of the National Agency for Energy Regulation, “<i>On the designation of ‘Operatorul Pieței de Energie M’ LLC as the Nominated Electricity Market Operator (NEMO)</i>”, is published in the Register of Decisions of the Board of Administration of the National Agency for Energy Regulation. Direct link to the Register of Decisions of the ANRE Board of Administration: https://anre.md/registrul-hotararilor-consiliului-de-administrare-al-anre-3-358
Checks performed in the verification of the step and related findings	The realization of the step has been verified by the State Chancellery and the Ministry of Finance and validated by the Interministerial Committee for Strategic Planning
Compliance with general principles and DNSH principle	The implementation of the steps does not contravene the general principles outlined in Article 4 and 11(4) of Regulation (EU) 2024/1449 and Article 3 of the Facility Agreement. The implementation of the steps does not contravene the ‘Do No Significant Harm’ principle (DNSH).
Double funding	Contributions from third parties were not reported in support of the achievement of this step.

Clear conclusion on the achievement of the step	Fully achieved
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In order to eliminate market distortions and ensure legal certainty, the Republic of Moldova aligned its VAT legislation with the EU framework. Thus, Law No. 139/2025 was adopted *to amend certain normative acts (Fiscal Code No. 1163/1997 and Law No. 1417/1997 for the implementation of Title III of the Fiscal Code)*.² (Annex 2) .

As a result of the adoption of the Law, tax procedures have been simplified, with the introduction of the reverse charge mechanism, which will reduce the administrative burden for energy market participants and contribute to increasing compliance. At the same time, the introduced amendments will contribute to the integration into the SDAC, SIDC and EU balancing platforms, addressing the risks of non-taxation and fraud regarding double taxation. *(step 6.1.7)*

Reporting fiche for step 6.1.7.

The step under review	Pillar 6 Energy security and efficiency Subarea - Energy Reform 1 - Open and competitive electricity market Step 7 - Partial harmonization of Moldovan VAT legislation with those of the EU is necessary to eliminate, to the maximum extent possible, factors which may distort conditions of competition in the market, and which may lead to legal uncertainty. In particular, integration into SDAC, SIDC and EU Balancing platforms requires a high level of harmonization of applicable regimes of VAT in order to prevent non taxation, double taxation, tax evasion and tax fraud. This harmonized VAT reverse taxation regime is also envisaged by the EU-Moldova Association Agreement as one of the preconditions to create a level playing field between all market participants in the Moldovan electricity and gas market. Payment condition – Moldova VAT Law partially harmonized with the EU legislation, et is adopted by the Parliament.
Baseline	Existing draft law non- harmonised with EU VAT law
Deadline of the step	December 2025
Actual results	Law No. 139/2025 amending certain legislative acts (Fiscal Code No. 1163/1997 and Law No. 1417/1997 on the implementation of Title III of the Fiscal Code) „ <i>pentru modificarea unor acte normative (Codul fiscal nr. 1163/1997 și Legea nr. 1417/1997 pentru punerea în aplicare a Titlului III al Codului fiscal)</i> ” has been adopted. The main provisions of the law include: - Clarification of the concepts of collected and deductible VAT; - Introduction of a special regime for imports and supplies of natural gas through gas networks and of electricity; - Provisions on the place of supply for electricity and natural gas;

² https://www.legis.md/cautare/getResults?doc_id=149259&lang=ro

	- Provisions on the place of supply of services; - Implementation of the reverse charge mechanism for the supply of electricity and natural gas; - Definition of a “trader” in the context of applying the reverse charge mechanism to domestic supplies of electricity and natural gas; - Granting the right to VAT reimbursement for supplies under simplified measures (reverse charge). The benefits of these amendments are as follows: - Alignment with EU legislation: Harmonising national legislation with the EU acquis will facilitate the integration of the Moldovan energy market into the EU internal energy market, prevent distortions of competition, and avoid double taxation or non-taxation. - Simplification of tax procedures: Introducing the reverse charge mechanism will reduce the administrative burden for energy market participants and enhance tax compliance. - Promotion of competition: A clear and predictable fiscal framework will foster competition in the electricity and natural gas markets, ultimately benefiting consumers.
Evidence provided	Law No. 139/2025 amending certain legislative acts (Fiscal Code No. 1163/1997 and Law No. 1417/1997 on the implementation of Title III of the Fiscal Code) Direct link to the Law published on the Parliament’s official website: https://www.parlament.md/material-details-md.nspx?param=0ad12c51-d27a-4a06-a2fb-9259b09f5d3c Direct link to the Law published in the State Register of Legal Acts: https://www.legis.md/cautare/getResults?doc_id=149259&lang=ro
Checks performed in the verification of the step and related findings	The realization of the step has been verified by the State Chancellery and the Ministry of Finance and validated by the Interministerial Committee for Strategic Planning
Compliance with general principles and DNSH principle	The implementation of the steps does not contravene the general principles outlined in Article 4 and 11(4) of Regulation (EU) 2024/1449 and Article 3 of the Facility Agreement. The implementation of the steps does not contravene the ‘Do No Significant Harm’ principle (DNSH).
Double funding	Contributions from third parties were not reported in support of the achievement of this step.
Conclusion on the achievement of the step	Fully achieved

Reform 6.2. Open and competitive natural gas market

For the implementation of reform **6.2. Open and competitive natural gas market**, and in order to implement the objective of *creating an open and competitive natural gas market, aligned with EU principles, through liberalization, eliminating preferential regimes, ensuring a balanced regulatory framework and facilitating access to suppliers, including through transparent procedures for selecting universal service providers and providers of last resort*, a stage has been achieved.

In this regard, the National Agency for Energy Regulation approved Decision No. 248/2025 *on the imposition of public service obligations*.³ (Annex 3), by which the Joint Stock Company "Energocom" is assigned, for a period of 3 (three) years, the public service obligations provided for in articles 89 and 90 of Law no. 108/2016 on natural gas and is obliged to ensure the supply of natural gas to certain categories of final consumers, respecting the established quality parameters and applying regulated, transparent, non-discriminatory and easily comparable prices, within the territorial limits of the distribution system operators' licenses. *(step 6.2.9)*

Reporting fiche for step 6.2.9.

The step under review	Pilar 6 Energy security and efficiency Subarea - Energy Reform 2 - Open and competitive gas market Step 9 – ANRE organises a tender, in a transparent and non-discriminatory manner, with price of the activity as the main input for a supplier of last resort/universal gas supplier and selects the winner. Payment condition – The supplier of the last resort/universal gas supplier is appointed by ANRE, based on the transparent and non-discriminative procedure.
Baseline	Existing legal framework
Deadline of the step	December 2025
Actual results	The National Agency for Energy Regulation has adopted Decision No. 248/2025 on the imposition of public service obligations (<i>privind impunerea obligațiilor de serviciu public</i>), by which the Joint Stock Company “Energocom” is assigned, for a period of three (3) years, the public service obligations set out in Articles 89 and 90 of Law No. 108/2016 on Natural Gas. Under this decision, Energocom is obliged to ensure the supply of natural gas to certain categories of final consumers, in compliance with established quality standards and by applying regulated, transparent, non-discriminatory and easily comparable prices, within the territorial scope covered by the licences of distribution system operators.
Evidence provided	Decision No. 248 of 23 May 2025 of the Board of Administration of the National Agency for Energy Regulation, “ <i>on the imposition of public service obligations</i> ”, is published in the Register of Decisions of

³ https://www.legis.md/cautare/getResults?doc_id=148607&lang=ro

	the Board of Administration of the National Agency for Energy Regulation. Direct link to the Register of Decisions of the ANRE Board of Administration: https://anre.md/registrul-hotararilor-consiliului-de-administrare-al-anre-3-358?page=11&
Checks performed in the verification of the step and related findings	The realization of the step has been verified by the State Chancellery and the Ministry of Finance and validated by the Interministerial Committee for Strategic Planning
Compliance with general principles and DNSH principle	The implementation of the steps does not contravene the general principles outlined in Article 4 and 11(4) of Regulation (EU) 2024/1449 and Article 3 of the Facility Agreement. The implementation of the steps does not contravene the ‘Do No Significant Harm’ principle (DNSH).
Double funding	Contributions from third parties were not reported in support of the achievement of this step.
Conclusion on the achievement of the step	Fully achieved

Reform 6.3. Guaranteeing energy security

For the implementation of reform **6.3. *Guaranteeing energy security***, and in order to implement the objective of *increasing the energy security of the Republic of Moldova by establishing the legal and regulatory conditions for natural gas storage, further promoting unbundling requirements in the gas market, achieving the ongoing Moldova-Romania electricity interconnection project and launching a new one, as well as through the rapid deployment of additional capacities for domestic energy production*, a milestone has been achieved.

In this regard, the opinion of the Ministry of Energy was submitted by letter No. 07-606 of 4 March 2025 concerning the situation regarding the security of natural gas supply (Annex 4). Also the Decision of the Board of Directors of the National Agency for Energy Regulation No. 178 of April 8, 2025 was approved *on the amendment of Decision No. 513 of August 23, 2024 on the certification of the natural gas transmission system operator SRL " Vestmoldtransgaz ", IDNO 1014600024244 legal address: MD-2088, Șoseaua Balcani 7/E, s. Ghidighici, mun. Chisinau*⁴(Annex 5) . (*step 6.3.11*)

Reporting fiche for step 6.3.11.

The step under review	Pilar 6 Energy security and efficiency Subarea - Energy Reform 3 – Guaranteeing security of supply Step 11 – ANRE takes a decision by Quarter 3 2025, on transferring the ownership of the network from Moldovagaz, to an entity not related to supply, trade, or distribution of gas.
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⁴ <https://anre.md/storage/upload/administration/hcareports/4037/HCA%20nr.%20178%20din%2008.04.2025.pdf>

	Payment condition – ANRE takes a decision concerning re- submitted opinion of the Ministry and considers re-opening of the certification on Vestmoldtransgaz in regards the transmission system ownership.
Baseline	Existing opinion
Deadline of the step	December 2025
Actual results	The opinion of the Ministry of Energy was submitted by letter No. 07-606 of 4 March 2025 concerning the situation regarding the security of natural gas supply. Subsequently, the Board of Administration of the National Agency for Energy Regulation approved Decision No. 178 of 8 April 2025 amending Decision No. 513 of 23 August 2024 on the certification of the natural gas transmission system operator “Vestmoldtransgaz” LLC, IDNO 1014600024244, with its registered address at MD-2088, 7/E Balcani Highway, Ghidighici village, Chişinău municipality.
Evidence provided	The opinion of the Ministry of Energy, submitted by letter No. 07-606 of 4 March 2025 concerning the situation regarding the security of natural gas supply, is available at the following link: https://cs.cloud.gov.md/s/bdxykpMtEwenoeQ Decision No. 178 of 8 April 2025 of the Board of Administration of the National Agency for Energy Regulation, amending Decision No. 513 of 23 August 2024 <i>on the certification of the natural gas transmission system operator “Vestmoldtransgaz” LLC</i>, is published in the Register of Decisions of the Board of Administration of the National Agency for Energy Regulation. Direct link to the ANRE Board of Administration’s Register of Decisions: https://anre.md/registrul-hotararilor-consiliului-de-administrare-al-anre-3-358?page=18&
Checks performed in the verification of the step and related findings	The realization of the step has been verified by the State Chancellery and the Ministry of Finance and validated by the Interministerial Committee for Strategic Planning
Compliance with general principles and DNSH principle	The implementation of the steps does not contravene the general principles outlined in Article 4 and 11(4) of Regulation (EU) 2024/1449 and Article 3 of the Facility Agreement. The implementation of the steps does not contravene the ‘Do No Significant Harm’ principle (DNSH).
Double funding	Contributions from third parties were not reported in support of the achievement of this step.
Conclusion on the achievement of the step	Fully achieved

All actions have been verified from the perspective of compliance with the principles generated for the support provided by the Union under the Mechanism. Thus, the 4 actions ensure compliance with the principles of "do no significant harm", "leave no one behind", as well as the integrative approach to sustainability. Likewise, for the 4 steps, no contributions from third parties in support of their implementation were reported.

2. Prospects for the implementation of the necessary reform measures for the next payment tranche

As of June 30, 2025, out of a total of 29 reform steps due in December 2025, including:

- 3 steps were fully achieved (see previous chapter);
- 26 steps are in progress

Analysing the technical and institutional aspects of the implementation process of the planned reforms, it is concluded that they are, for the most part, on the correct implementation trajectory to be completed within the established deadline and according to the approved indicators. At the same time, analysing the possible blockages and constraints that would affect the full implementation of the steps, we anticipate legislative constraints generated by the electoral processes in the fall of 2025 (ordinary Parliamentary elections) as well as administrative constraints which would require additional support and expertise to be mobilized. Some of the measures already undertaken in this sense jointly with the EU Delegation to the Republic of Moldova are: (i) expanding the Reform Support Team, managed by EBRD and financed by European Commission in order to enhance institutional capacities of the line ministries by means of providing legal and policy advisory support to ministries and institutions engaged in the implementation of the Reform Agenda under the Republic of Moldova's Growth Plan (Growth Plan Reform Agenda), (ii) TAIEX needs mapping for most urgent measures for 2025 and 2026 from the Reform Agenda and streamline the efforts of accessing the available EU Member States expertise.

To ensure a systematic, consistent and responsible approach to the implementation of each stage, by September 2025, the Government will approve the mechanism for implementing, monitoring and reporting on the Reform Agenda related to the Growth Plan of the Republic of Moldova for 2025-2027.

The progress report on reform steps due December 2025 is presented in Annex 6 to this report.

Conclusions

According to the requirements set out in Article 14 of the Facility Agreement, all qualitative and quantitative milestones set out in the Reform Agenda, which were planned to be implemented by June 30, 2025, have been fully achieved (one milestone).

Additionally, 3 steps were fully completed before the deadline - December 2025.

The necessary evidence demonstrating the execution of the qualitative and quantitative steps is included in Annexes 1-5 to this report.

No reform steps related to the negotiation process of Chapter 32 *Financial Control*, have been planned for the reporting period.

This report was verified by the State Chancellery and the Ministry of Finance, and validated by Interministerial Committee for Strategic Planning, chaired by the Prime minister, in the meeting of 15.07.2025 (*Minutes No. 11 of the meeting of the Interministerial Committee for Strategic Planning (CIPS) held on 15.07.2025*⁵) (Annex 7).

Annexes

Annex 1 - Decision of the Board of Directors of the National Agency for Energy Regulation no. 370 of 29.06.2025,, On the designation of SRL "Operatorul Pieței de Energie M" as designated electricity market operator (OPEED) " (*Annex 1_6.1.4.pdf*)

Annex 2 - Law No. 139/2025 was adopted to amend certain normative acts (Fiscal Code No. 1163/1997 and Law No. 1417/1997 for the implementation of Title III of the Fiscal Code) (*Annex 2_6.1.7.pdf*)

Annex 3 - Decision No. 248/2025 on the imposition of public service obligations. (*Annex 3_6.2.9.pdf*)

Annex 4 - Opinion of the Ministry of Energy was submitted by letter No. 07-606 of 4 March 2025 concerning the situation regarding the security of natural gas supply. (*Annex 4_6.3.11.pdf*)

Annex 5 - Decision of the Board of Directors of the National Agency for Energy Regulation No. 178 of April 8, 2025 was approved on the amendment of Decision No. 513 of August 23, 2024 on the certification of the natural gas transmission system operator SRL " Vestmoldtransgaz ". (*Annex 5_6.3.11.pdf*)

Annex 6 - The progress report on reform steps due December 2025

Annex 7 - Minutes No. 11 of the meeting of the Interministerial Committee for Strategic Planning (CIPS) [held on 15.07.2025] (*Annex 7_CIPS.pdf*)

⁵ <https://gov.md/ro/comitetul-interministerial-pentru-planificare-strategica>