

The Prime Minister of the Republic of Moldova, Dorin Recean, presents the “Budget +Plus” programme in Parliament

Friedrich
Ebert 
Stiftung

April 2025

EU development money: between growth and electioneering

Topics of the edition:

1. Marina Soloviova, *Expert-Grup*: **To obtain higher economic growth, we should avoid investing money in unproductive populist projects**
2. Editorial by Madalin Necsutu, *journalist TVR Moldova and Balkan Insight*: **Why we must spend Europeans' money responsibly: growth versus politicking**
3. Radu Marian, *PAS MP*: **“Budget + Plus” is just a small part of what could follow if the country continues on its European path**
4. Analysis by Andrei Lutenco and Dan Nicorici, *CRP Moldova*: **Budget + PLUS: an equation without transparency and participation**

The Republic of Moldova is facing an important moment that should not be missed, and above all it must be managed in an intelligent, transparent way that is in line with values and policies that generate wealth for the Republic of Moldova. The “Budget + Plus” program is no exception to this rule. The almost EUR 2 billion which will come over the next three years from the European Union will be important funds which can generate economic growth and can be a spur for the economy to reach a 10 percent growth per year which is desired and expected by experts.

For this to happen, Moldova will have to navigate extremely troubled waters with an increasingly hostile Russia.

Another four-year cycle of pro-European rule would create even more resilient and stronger institutions, which runs counter to Moscow’s geopolitical interests. Russia will not shy away from using sophisticated and petty methods to achieve its political ends.

But more important is how the Republic of Moldova manages these episodes designed to bring this country closer to the EU towards the horizon of 2030. To this end, the Republic of Moldova must treat the spending of European money responsibly, and the current government must not fall into the sin of domestic populism in using these funds for campaign purposes in the run-up to the parliamentary elections in the autumn.

News in Brief

■ The Republic of Moldova and Ukraine will continue to move together towards European Union membership and negotiations could start soon, European Commissioner for Enlargement Marta Kos said. In a call with Olha Stefanishyna, Ukraine's Deputy Prime Minister for European and Euro-Atlantic Integration, Marta Kos reiterated her support for opening accession negotiations on the first cluster simultaneously with both the Republic of Moldova and Ukraine. Recently, Kos said in an interview with Radio Free Europe that the European Union is considering the possibility of continuing the accession process with the Republic of Moldova, decoupling Ukraine, as Kiev's efforts to join the EU are blocked by Hungary. Last year, EU member states gave the green light to start accession negotiations with both candidate countries, but no negotiating chapters have yet been opened.

■ The term of five out of six judges of the Constitutional Court will expire this summer. Under current legislation, the procedure for appointing a new judge begins three months before the expiration of the term, IPN reports. So far, a competition has been announced to select the judge who will take the place of Serghei Turcan, appointed by the Superior Council of Magistracy (SCM), whose term expires on July 30. Four other terms expire in August. The Constitutional Court has six judges appointed for a six-year term. Two judges are appointed by parliament, two by the government and two by SCM. Three months before the expiry of each judge's term of office, the Chair of the Constitutional Court shall inform in writing the authority which appointed the judge whose term of office is due to expire of the start of the procedure for the appointment of a new judge. Until the judge's term of office expires, the competent authority must appoint a new judge. The law also states that a judge of the Constitutional Court may hold office for two terms.

■ The President of the Republic of Moldova, Maia Sandu, came with a message of gratitude to journalists "who serve the public interest and contribute, through their work, to a more informed and aware society" on the occasion of the International Press Day. "In a world invaded by waves of manipulation and disinformation, the media has a vital mission: to defend the truth, debunk falsehoods and help citizens distinguish right from wrong," Maia Sandu said. The Head of State emphasized the importance of investigative journalism: "Thanks to courageous reporters, the whole society has learned how criminal groups have tried, through corruption, to steal the future of this country. And where justice was not for sale, intimidation, threats and pressure were used." "Honest journalists often fight an unequal battle: with limited resources, they face well-funded propaganda machines from obscure sources. Therefore, it is our responsibility to remain vigilant, to choose credible sources of information and to support journalists who have demonstrated their professionalism and integrity over the years. This is the only way that journalism in good faith will be able to continue to bring the truth into our homes," Maia Sandu added.

To obtain higher economic growth, we should avoid investing money in unproductive populist projects



The economic expert Marina Soloviova from the think-tank Expert-Grup gave us an interview in which we discussed about the "Budget + Plus" programme to be implemented by the Government and the shortcomings of this programme. We discussed about public consultations on this programme and about its economic and political perspective. We invite you to read the interview below:

■ **This month, the largest financial package for investment and growth in recent history was approved. The Expert-Grup has pointed out a number of shortcomings, especially regarding transparency, and I would like to start the discussion with that. Has it been a transparent and inclusive process, consulted with civil society experts or do you see it as an eminently political initiative?**

■ In my opinion, the public consultation process was practically circumvented, because according to the law on transparency in the decision-making process, the notice on the organization of public consultations should have been published at least 15 working days before the draft decision was finalized. Likewise, the deadline for submitting recommendations on the draft had to be at least 10 working days since the date of the announcement. In reality, both announcements appeared on the same day the draft was approved by the government, on April 3rd.

The deadline for receiving comments was also indicated as April 8th, but even this was not respected, because on April 7th the Parliament had already approved this draft law in the first reading. So, basically, the law was adopted without public consultation.

■ But where do you think this haste comes from? Is there a political reasoning behind it?

■ I don't know, maybe they wanted to do it as quickly as possible so they could implement it. The government gave an explanation, but I didn't find it convincing. They said it was so fast because people want the investments to get to their localities as quickly as possible. However, it was not made clear which investments cannot wait the 10 days that the regulation stipulates. It is therefore difficult for me to say what was the reason for such a haste. What was most disturbing was the fact that not only was national legislation not complied with, but the very general principles for which we were provided this funding were defied.

It is worth mentioning that the European Parliament's regulation establishing the Reform and Growth Facility for the Republic of Moldova contains the phrase "inclusive partnership principle", which stipulates that the local authorities, civil society, various vulnerable groups and other stakeholders must participate in the selection and shaping of eligible activities from this funding.

In other words, this process has to represent the pluralism of Moldovan society, especially since the loan part of this financial package will be repaid by all Moldovan taxpayers.

Inconsistency with objectives

■ You mentioned the inconsistency of some budgetary measures with the philosophy and objectives set out in the Growth Plan signed with the EU. What exactly does this mean, could you give us examples?

■ In fairness, it must be said that this draft law also contains some good measures that are consistent with the Economic Growth Plan, such as, for example, the modernization of agricultural markets in various cities, the modernization of local roads, which, in the same way, represent the economic infrastructure, subsidizing wages for young employees, support for small entrepreneurs and farmers, etc.

But there are also some measures that did not seem to me to be consistent with the objective of economic growth, that of moving to a higher value-added economic model. As an example, we can mention the "European Courtyard" programme, which provides for the renovation of dozens of courtyards in the city of Chisinau and its suburbs. We have analysed this programme published on the specialized website and found out that among eligible expenses are the rehabilitation of sidewalks, renovation of doors, landscaping, ornamental trees. We do not doubt that these things are necessary, but there are still some reservations that they could generate sufficient economic growth. Moreover, we have to bear in mind

that we will have to pay interest on these loans, so such projects must be invested in such a way that they generate an economic growth higher than the interest rate, so as not to accumulate public debt.

Political competition

■ Do you see the same model implemented by the mayor of Chisinau, Ion Ceban, to beautify the city centre without much economic added value? Does the government want to take similar measures aimed at votes in the run-up to the parliamentary elections?

■ This is our assumption because we do not see the finality of this project in repairing a fairly small number of yards. Moreover, this project is planned only for the municipality of Chisinau, not for the whole country. Normally, even if we want to renovate the courtyards, there should be a comprehensive programme for the whole country, which would provide for phased renovation, perhaps over several years, of all the courtyards in the country.

But when it is only about the municipality of Chisinau and only a few dozen courtyards, the impression is that this project has electoral connotations, to rival the projects carried out by Mayor Ion Ceban, a political competitor for the ruling party. Unfortunately, this impression exists.

■ In your position paper you also talk about the risks of limiting local autonomy. How do you explain this with regard to this programme?

■ We are not talking about the entire programme, but there are some projects that have been proposed, such as the "Europe is near, 2025 edition" programme, which foresees the construction and modernization of local roads. This project will be financed from EU resources through the National Fund for Regional and Local Development.

The use of resources from this fund, for example in the European Village programme, has previously been criticized by civil society for the risks of political patronage. A number of studies have been carried out, some of which have picked up several signals suggesting possible influences that could have favoured localities run by some mayors affiliated to the ruling party. And the concept of this new "Europe is near" road programme is similar in design to the previous "European Village" project. If there were problems before, it is very likely that the same problems will be perpetuated in the new programme. If we look at the design of this programme, we will see that the procedure entails certain risks of clientelistic control of mayors.

Let me give you an example of how selection takes place. First level Local Public Authorities (LPAs) apply for

funding. Then, the Ministry of Infrastructure evaluates these projects and draws up a list of priority projects for funding, which then has to be endorsed by the National Coordination Council for Regional and Local Development.

Given the composition of these inter-ministerial councils, there is a risk that decisions may be politicized at the selection stage. Some abuses are also possible after the selection stage, as the winning LPAs have to carry out public procurement procedures and monitor the execution of construction works by contractors. As the works are carried out, the National Service for Local and Regional Development has to disburse payments from the fund to the LPAs on the basis of a series of confirming documents.

The value of the instalments must be at least one third of the total value of the contract. Here again, the problem arises that the supporting documents of perhaps more “stubborn” ones may not be accepted. And if it is one third of the total value of the contract, the contractors risk not being paid for the one third of the work already carried out, and mayors are thus blackmailed, creating the conditions for clientelism and political subordination on the part of mayors.

Possible politicization of funds?

■ **Have you seen such patterns in the European Village programme before? Have there been such discussions in the past about giving money to mayors on political grounds?**

■ Yes, we have indicated such a scenario in our position paper. For example, our colleagues in Balti – the Human Rights Association LEX21– have monitored the implementation of the “European Village” programme in the northern region of the country and identified some signs that mayors affiliated with the ruling party were favoured, both by the number of projects won and by the amount per beneficiary.

So there were certain problems, which may not necessarily have been intentional, but there were signs that some municipalities may have been favoured. So we believe that if the design has not changed, it means that the same problems could occur in the road rehabilitation programme.

■ **Do you think that some allocations in this “Budget + Plus” programme have a populist character that somehow comes before the parliamentary elections? Do you perhaps see the allocation of some funds also as part of an electoral logic?**

■ The government has allocated some money for vulnerable families and families with children, which has been criticized. I am happy when vulnerable people also receive certain benefits, but it is not right that this should be designed as a means of attracting votes. Such practices must be avoided.

In order to achieve economic growth, we should generally avoid investing money in unproductive projects of a populist nature. Those projects which can lead to economic growth in the future should be prioritized, as this is what the economic package offered by the European Union is intended to do.

In general, the problem is not so much the haste, but the directions in which resources are invested. With reference to the latter, back in March, the Expert-Group made recommendations which we published and presented to the government.

First of all, it is about the energy sector and energy efficiency – distribution and storage infrastructure, renewable energy sources. The government needs to invest in research and development, as well as retraining and upskilling the workforce to increase value added in the economy.

■ **How much of your recommendations since then have been taken on board? Because there are some allocations for energy independence, but we do not know how much the government has taken into account the recommendations that you made earlier?**

■ We have the impression that the Government has not really been inspired by the recommendations of economists from civil society. It does include energy efficiency projects and projects to support small entrepreneurship, but most of the measures are related to current expenditures. And this is not good, because it will not generate economic growth in the future, and we need this so that we can pay interest and repay those loans.

Modest economic growth

■ **PAS MPs claim that this “Budget + Plus” targets a 5 percent annual growth of the economy in the coming years. Civil society experts say 10 percent growth per year is needed. Are additional measures needed on top of the “Budget + Plus” to reach the 10 percent growth we need in the coming years?**

■ Now it is not even a question of having a 5 percent economic growth, because we saw the other day that the International Monetary Fund (IMF) has updated its forecast for the Republic of Moldova. The IMF has forecast economic growth of less than 1% for 2025, and a growth of up to 2.5% for the following year, if I am not mistaken. And this is very little.

In other words, even the 5 percent that is stated in the programme will probably not be reached in the next year or two. And, indeed, we would need higher economic growth than that, for which a bolder vision is needed. We need to invest in programs that generate sustainable economic growth, increase competitiveness and alignment with European standards.

■ **Thank you!**

Why we must spend Europeans' money responsibly: growth versus politicking

Editorial by Madalin Necsutu, journalist with TVR Moldova and Balkan Insight

The launch of “Budget + Plus”, a programme designed to help re-launch the Moldovan economy, is an occasion for joy, but also for reflection. If we think about its intention, it can only be beneficial in terms of generating more value in the economy. At the same time, however, we cannot overlook certain shortcomings or the haste with which the government have chosen to implement it. But let us analyse and explain things one by one.



First of all, the “Budget + Plus” programme marks a first for the Moldovan economy. It is an unprecedented financial injection of 8 billion MDL. The budget allocation was made possible thanks to the unique support from the European Union for the implementation of the Growth Plan of Moldova and the Energy Resilience Programme. Therefore, the development vector for the country is once again ensured by the relationship of Moldova with the European Union. Not Russia or anyone else.

To be more precise, the Government will allocate about 8 billion MDL, equally on two dimensions: the energy package and the economic development package. With regard to energy package, we are not so much talking about economic development in the classic sense of the word, but rather about social aid for the population to ease the burden of energy bills, but also for companies. Here you see the social component, which may not generate so much growth, but it really helps the population to navigate through this difficult period.

We cannot ignore the fact that this aid comes in an important election year, and the ruling party wants to score points in this area in order to generate votes in the run-up to the parliamentary elections in the autumn. What raises questions on the moral side of the story is that this aid is coming from EU money, and therefore from the European taxpayers.

Incidentally, the EU is also providing this financial support, which is part of a large package of EUR 1.9 billion over the next three years. But about 25 percent of this aid is coming now, in the run-up to the elections. It is obvious that the EU is also willing to provide financial support to political parties that want the Republic of Moldova to take a European path, and this aid is not alien to such a strategy.

There is nothing objectionable here, but for the sake of fairness, we should not disregard this aspect, trying to somehow cosmeticize the timing of this huge financial support with the parliamentary elections that are expected in just a few months.

Courage to tackle important country projects

Perhaps the most important part of this programme comes in its second half, i.e. the other four billion MDL that will be allocated to modernize infrastructure. For example, Romanian Prime Minister Marcel Ciolacu estimated last year that every 1 euro invested in infrastructure will generate between 6-8 euros in Romania over the next five years.

Developing the road system is vital for the Republic of Moldova, both internally and in the regional economy. Moldova needs to modernize and even create its

infrastructure without delay in order to be able to put itself on the path of Ukraine's reconstruction, which sooner or later will be inevitable.

Similarly, the construction of a highway segment that will initially connect Chisinau to Romania in the Sculeni border area is imperative in order to link the two segments of the Union Highway that will start from Targu Mures, continue towards Chisinau and finally reach Odessa. There is no doubt that Chisinau and all the localities along the route will undergo spectacular development.

It is necessary for the authorities to think about this strategic aspect and, above all, to implement such a plan without hesitation. It is necessary for Moldova, especially with the generous financial support of the EU, to start thinking like a strong state that has the courage to carry out big projects for the country and to get out of the zone of strategic mediocrity.

It is also necessary to increase and accelerate the construction of bridges over the Prut to connect Moldova to the European infrastructure. At the end of this year, the newest highway segments in Moldova are expected to be put into operation, which will allow the motorway to run from Bucharest to Bacau.

Connecting the Republic of Moldova as quickly as possible to this important road junction in Romania will automatically produce a much faster movement of goods and people, which will implicitly generate economic development. It is vital for the Republic of Moldova to match Romania's pace of development in terms of infrastructure in order to connect as quickly as possible to the European transport system.

Rail access also needs to be modernized, as rail transport is also cheaper and often faster. Urgent work is needed to change as many kilometers as possible from Soviet to European gauge.

Beware of political games!

In addition to the development of transportation infrastructure and the benefits that will come for

agriculture, especially in the area of animal husbandry, as well as the assistance in employing young people, there are also some less positive aspects of the Government's plans. One element that inevitably attracts attention is the implementation of the "European Courtyards" Programme.

This episode is likely to be seen as an element of electoral competition between the Action and Solidarity Party (PAS) and the mayor of Chisinau, Ion Ceban, MAN leader and co-founder of the political bloc "Alternativa". What Ceban has done in recent years, by repairing pavement in the center of Chisinau, is nothing more than an addition to the urban landscaping, but not a project that will generate economic growth for the capital of the Republic of Moldova.

The systemic problems still persist, and the government's attempt to repair several dozen courtyards in Chisinau can only be seen as an attempt by PAS to rival the populist projects of Mayor Ion Ceban, who won his second term as mayor through such cosmetic surface repairs. Or rivalling by such methods on the part of PAS with the "Alternativa" political bloc on European taxpayers' money is certainly a negative grade for the ruling party. Why, for example, is the government not thinking about the development of courtyards in Balti, a city with predominantly pro-Russian party voters? Most probably because such projects will not bring them extra votes from this part of the country anyway.

Last but not least, the "Budget + Plus" also had a fast-track legislative circuit, which left little room for discussion with civil society experts, let alone a real public debate.

Thus, the most ambitious politico-economic project was passed quickly, in a non-transparent manner, through the necessary legislative procedure. This was rightly seen as a politicized and non-transparent gesture, especially by Moldova's external partners who were expecting a broader discussion on the spending of European money. It is vital not only to receive money from the EU, but above all to spend it rationally, with maximum responsibility and in the area where it can create development in the future. All this with as little as possible a dose of politicking and electoral populism.

“Budget + Plus” is just a small part of what could follow if the country continues on its European path

PAS MP Radu Marian gave an interview for the FES/ APE Foreign Policy Bulletin about the government’s plans for the “Budget + Plus” programme through which the current pro-European government in Chisinau aims to revive the economy of the country. We discussed about the intentions and especially the architecture of this programme, which is designed to generate development in the coming years so that Moldova can continue on its European path. We invite you to read more in the interview below:



■ **What is this “Budget + Plus” programme and what are your hopes as a governing party with this project in terms of improving the lives of Moldovan people?**

■ This “Budget + Plus” programme comes as a result of EU support. We are talking here about the EUR 200 million grant aimed at supporting our citizens and businesses as a result of the rise in electricity prices, a reality brought about by one of the episodes of energy blackmail by the Russian Federation.

We are also talking about the economic growth programme. More specifically, it’s the first tranche of €200 million that came this spring, designed to accelerate economic development.

So, “Budget + Plus” has two components: the first component is the grant that has already been partly used to support our citizens with their energy bills, and the second part is a loan for growth measures. Our objective with this economic growth programme – we are talking about EUR 1.9 billion coming in the next three years – is to have an annual economic growth of at least 5 percent.

What we have approved so far for the “Budget + Plus” is a first step. It is only a small part of this major objective of ours, which is to accelerate our economic growth.

■ **Is this project being funded solely from this €1.9 billion in EU financial aid or will there also be money from the state budget?**

■ That’s what this is all about, and that’s the €200 million, the second part that came from the economic growth programme. That is why we also made this rectification that we called “Budget + Plus”.

Normally the budget adjustment is normally done in July, but in this case we are talking about exceptional funding from the EU through the EU’s economic growth programme. Therefore, we have made this adjustment now. Most of the money for this programme comes from the EU.

Electoral purposes or pragmatic goals?

■ **There is also this aspect of some criticism of PAS, namely that this EU aid would also be used for electoral purposes, because it somehow comes before the parliamentary elections. How do you assess such allegations?**

■ Practically all the last years have been election years - 2022, 2023, but also 2024. Every year we had support from the European Union and every year we provided support for infrastructure, for citizens, support for bills and so on.

So, such statements do not hold water, because in this logic we should never have come up with measures to support the economy and citizens. And this programme, unlike other external funding, is basically focused on capital investment and growth.

I am talking about one billion MDL for the development of villages, towns, cities, local roads, and so on. Another billion MDL will be allotted for regional roads, 200 million MDL for business support, 200 million MDL for agriculture, 60 million MDL for young people to encourage them to take their first job, which will come with an allowance of 3,000 MDL per month.

This is the difference between the “Budget + Plus” and the previous years’ support packages from external partners. In general, this money has reached the Republic of Moldova also thanks to the credibility of the PAS government and its president, Maia Sandu. Obviously, this is only a small part of what could follow if the country continues on its European path and has a pro-European parliamentary majority.

Consultations with civil society and experts

■ But why was this programme rushed through Parliament and hardly discussed in public debates?

■ In the Parliament’s Committee on Economy and Budget, we have a council of experts which includes representatives of civil society organizations and experts with whom we have discussed this budget. We asked them how to better spend this EU money and we got feedback. We were told that we need private investment and we need to stimulate business investment. We are doing this also through programmes like the “373” programme on loan guarantees or public investment in roads, schools and so on. But broadly speaking we need to make sure that this money is absorbed and spent. We cannot, for example, spend two months in public consultations.

In general, for rectifications and draft budgets, there is a very strict timetable, namely 10-14 days. You always have to make sure that the law is passed so you can absorb the money.

For example, Expert-Grup is a member of this Council of Experts of the Parliamentary Committee on Economy and Budget. We invited them and had a meeting at the Economic Committee to discuss this issue. We also asked them how they think it would be better for the state to spend this money. We meet in this Council of Experts format periodically to discuss proposals and feedback.

Energy independence

■ In terms of energy resilience, for which some 4 billion MDL will be spent, what major projects will be launched? Can we become more energy independent from Russia due to this programme?

■ Regarding the first component of the “Budget + Plus”, there are fewer energy projects and more environment and sustainability ones that will help us anyway.

We indirectly support energy resilience. For example, we are additionally funding ODA programmes, the “373” programme and others that businesses are very actively using to install solar panels or energy storage stations. These all contribute to energy resilience.

We have made very good progress in energy independence, especially in natural gas, so we are no longer dependent on a single source. We are making rapid progress on the construction of the Vulcanesti-Chisinau line, as well as on the co-production of renewable energy.

As for the renewable energy, a record has been set since Moldova’s independence from the Soviet Union, when renewables account for 36 percent of total consumption. This is due not only to private investment, but also to the efforts of the government, which has come up with interest subsidies and legislative changes to simplify the procedures for installing solar panels or wind power plants.

It is worth mentioning that the growth programme will have a lot of components in the next three years on the energy resilience – storage, balancing stations. More specifically, if we can produce a lot of solar energy, we will also need balancing, for example, for conditions when there is not enough sun or wind. So we need to invest a lot in energy storage so that when you have excess electricity, you can store it and then use it when you need it.

Therefore, we will invest heavily in this sector through the economic growth programme over the next three years. This is a unique opportunity for the Republic of Moldova. If we move fast, this will influence the European path and the European accession of the Republic of Moldova, as well as the credibility that this government has with international partners.

■ Will money from the “Budget + Plus” programme be also allocated for the Suceava-Balti high voltage power line linking Moldova to Romania? When exactly do you expect it to be voted in the second reading and when will the first payments be made under this programme? Do you have a precise timetable?

■ We will soon have the plenary session and we will vote the “Budget + Plus” programme in the second reading. For the Suceava-Balti power line project we have funding from another programme. We will declare this project to be of public utility, which means that the government will be able to move much more quickly for reserving and expropriating land and so on, so that we can get this line up and running in the next two and a half years.

The Chisinau-Vulcanesti line, complemented by this Balti-Suceava line, will not only help us solve our biggest problem – vulnerability to the separatist regime in Tiraspol – but will also give us more export capacity to the European Union via Romania. So this project is a crucially important one.

Boosting the economy

■ **Let's talk about the other half of 4 billion MDL and what it means for economic development. What exactly does this entail?**

■ There are several components. In general, you need several things to achieve economic growth. You need consumption, public investment like roads, schools, etc. Last but not least, you need private investment. Then we talk about the trade balance. These 4 billion MDL must be used for two things, namely capital investments where we will allocate one billion MDL for regional roads, another billion for the “European Village” programme, another billion for local roads and courtyards in Chisinau. This will be public spending.

Such investments will not only generate jobs, for example by the companies that will hire people to build those roads, but they will also buy raw materials, and so on.

More importantly, such projects actually help people. When a local road is built, big companies are looking for labour in every village. Obviously, it is much easier to commute to work when you have a good road, which will directly and indirectly help economic development.

So I was talking about the one billion MDL for local projects and one billion MDL for regional roads. Another 200 million MDL will be allocated for ODA programmes. Similarly, we will subsidize interest for economic agents in the “373” programme or guarantee loans. This amount may seem small at first glance, but this is how the so-called “leverage effect” is produced. This is an investment strategy by using borrowed money, in particular by using various financial instruments or

borrowed capital to increase the potential return on an investment.

What do we do? When a business, for example, wants to take out a loan of 10 million MDL to build a production line and has no collateral or the interest rate is too high, then the state intervenes and subsidizes the interest. The state guarantees the loan and then we have this private investment by the company, which would not have taken place if the state had not intervened with partial aid.

With this amount we can generate much larger investments. For example, the “373” programme, with several tens of millions invested in the form of budgetary allocations, has generated an economic impact, namely investments in the economy of four billion MDL in the last two years.

In addition to the 200 million MDL for the ODA programmes, we also have another 200 million MDL for agriculture, more specifically for animal husbandry, which is a growing area. Plus another 200 million MDL for schools and the repair of canteens, which again is a capital public investment. All these investments will generate jobs and create better conditions for children. From September 1st, free meals will be introduced for pupils from grades five to nine.

Last but not least, we will also provide 60 million MDL for youth programme. So, for young people who start their first job, the state will provide financial help. This will be for young people entering key sectors such as building materials, furniture manufacturing, food processing, chemicals, pharmaceuticals, automotive or creative industries.

More specifically, the state will provide these young people with 3,000 MDL per month for one year. It remains to be seen how this programme will work, but we plan to expand it depending on the results and popularity among young people who take up the job.

■ **Thank you!**

Budget + PLUS: an equation without transparency and participation

*Analysis by Andrei Lutenco,
Dan Nicorici and CPR
Moldova team*

Recent amendments to the 2025 State Budget Law known as “Budget + Plus” have sparked a wave of criticism from the opposition and civil society. These were mainly related to the lack of transparency and public participation, which CPR and other organizations pointed out in an earlier public statement. Equally worrying is the lack of economic rationale for the project, as well as the electoral nature of the initiative. In this analysis we will explain why the non-transparent and non-participatory adoption of the package was a missed opportunity to bring citizens closer to the authorities and European integration.

Lack of transparency

The Government announced the “Budget + PLUS” on April 3rd, presenting it as “the largest financial package allocated by the Government of the Republic of Moldova for investment and economic growth”. The package is worth 8 billion MDL.

The draft law no. 310/2024 for amending the Law on the State Budget for 2025 was approved by the Government and registered in the Parliament on the same day. Also on the same day the draft was published for public consultation, with a deadline for comments until April 8th - four days, two of which were rest days. However, on April 7th, the draft had already been voted in the first reading by the Parliament, and on April 17th it was voted in the second reading. The National Anti-Corruption Center’s anti-corruption expert’s report on the draft recognizes that the process of its promotion did not comply with the requirements for ensuring transparency of decision-making as stipulated by law, and the summary of objections and proposals includes only two mentions of “no objections” from two public entities.

The way in which this draft has been promoted and adopted contravenes both national and EU principles of transparency and public participation. The Law on Transparency in Decision-Making obliges the authorities to consult the public at least 15 working days in advance on any initiative that has an impact on



the economy, fundamental rights, the environment or quality of life. The “Budget+ PLUS” directly affects state revenues, public investment and social priorities, and is therefore exactly the kind of law that requires broad and rigorous consultation.

Budget laws are not excluded from public consultation, and the Law on Public Finances and Fiscal Financial Responsibilities stipulates that draft normative acts in the field of public finances are subject to public consultation, and budgets are prepared, approved and administered in a transparent manner, based on transparent procedures and comprehensive budget information, prepared and presented to the public in a clear and accessible manner.

According to the principles of public participation, the more important a draft policy or decision is for society, the more effort and time should be allocated to its consultation, not the other way around. As announced by the Government, the draft under discussion foresees major energy, economic and social allocations – compensations and aids (for citizens and businesses in certain sectors), investments in infrastructure (roads, courtyards and markets) and economic incentives. It was not only the appropriateness of these interventions but also the way in which they were to be implemented that needed to be discussed with citizens.

A missed opportunity

In recent years, in the context of the process of accession to the European Union, the Government has committed itself to improving the participation of civil society in the country’s decision-making

processes. One of the 9 measures requested by the European Commission for the opening of the accession negotiations of the Republic of Moldova to the European Union was to increase the involvement of civil society in decision-making processes at all levels, and meaningful participation of civil society in decision-making processes was a recommendation of the 2024 Enlargement Report.

Improving citizens' participation in decision-making processes is one of the objectives of the National Civil Society Development Program (2024-2027) and is targeted by several measures in the Action Plan for Open Government (2023-2025). CPR together with other civil society organizations participated in the development of methodologies, guides, draft regulations and training modules for both citizens and authorities, as well as in the improvement of the relevant legal framework to contribute to these efforts.

However, the extent to which the Government is serious about its commitments to improve citizens' participation in decision-making needs to be assessed not by the number of statements and planning documents, but by the facts – how the Government involves citizens in concrete decisions, especially those with significant impact. The “Budget + Plus” process was an opportunity to demonstrate public participation in practice. Citizens and their associations could be invited to have their say on the priorities for intervention and how the money was to be managed (what kind of infrastructure and where, what needs of citizens, including vulnerable groups, which businesses were to benefit from public funding).

Apart from the fact that the proposed allocations would almost certainly better reflect citizens' needs, they would also be more readily accepted by citizens. A genuinely consulted budget would be less susceptible

to accusations of “electioneering” and would increase confidence in the act of government.

The new document on the Economic Growth Plan, signed by Moldova and the European Commission, also mentions the principles of consultation and inclusiveness in the adoption of decisions related to budgets and EU aid, which the authorities have undertaken to respect. Thus, Article 4 mentions the principles of ‘regular and timely consultations’ throughout the implementation of the plan and the need to include LPAs, social partners and civil society in the participatory process. And one of the objectives of the mechanism, set out in Article 3, is to increase access to information, the involvement of civil society in decision-making processes and to support transparency. Adopting the draft without consultation clearly contravenes these objectives. An important aspect to which the European Commission draws attention is the inclusion of vulnerable groups and minorities. These stakeholders should have had at least 10 days to provide recommendations and suggestions, as part of the budget directly concerns them.

Lack of inclusion

The adoption of the “Budget + PLUS” in the absence of genuine public consultations was a missed opportunity to strengthen citizens' involvement in the decision-making process and to demonstrate the real commitment of the authorities to European values of transparency, participation and involvement, as enshrined in both national plans and laws and in agreements with the EU. The reform and growth mechanism for the Republic of Moldova must be implemented with the involvement of all stakeholders – citizens, LPAs, civil society – in order to better align the budget to the needs of the population.



Friedrich-Ebert-Stiftung (FES) is a German social democratic political foundation, whose purpose is to promote the principles and foundations of democracy, peace, international understanding and cooperation. FES fulfils its mandate in the spirit of social democracy, dedicating itself to the public debate and finding in a transparent manner, social democratic solutions to current and future problems of the society. Friedrich-Ebert-Stiftung has been active in the Republic of Moldova since October 2002.



Foreign Policy Association (APE) is a non-governmental organization committed to supporting the integration of the Republic of Moldova into the European Union and facilitating the settlement of the Transnistrian conflict in the context of the country Europeanization. APE was established in fall 2003 by a group of well-known experts, public personalities and former senior officials and diplomats, all of them reunited by their commitment to contribute with their expertise and experience to formulating and promoting by the Republic of Moldova of a coherent, credible and efficient foreign policy.

The opinions expressed in the newsletter are not necessarily those of the Friedrich-Ebert-Stiftung (FES) or of the Foreign Policy Association (APE).

The newsletter is developed by **Mădălin Necșuțu**, coordinating editor.

111 Bucuresti St., Chisinau, MD-2012, Republic of Moldova, Tel. +373 855830
Website: moldova.fes.de. E-mail: fes.moldova@fes.de