

Development Cooperation Strategy for Moldova 2022–2025

Moldova situation analysis

Lithuania's support is aimed at implementing the provisions of the EU–Moldova Association Agreement (AA/DCFTA), which entered into force on 1 July 2016, including its provisions on the Deep and Comprehensive Free Trade Area (DCFTA), strengthening reforms, and maintaining Moldova's European integration aspirations.

Following the presidential elections on 11 November 2020 and the early parliamentary elections on 11 July 2021, Moldova has a favourable political moment to take advantage of the AA/DCFTA to accelerate pro-European reforms to achieve irreversible progress with the EU.

Moldova is an associate member of the EU, emphasising its European aspirations, its desire to strengthen the format of cooperation in the EU's Troika of Associated Countries (hereinafter – 3AA), and its expectations of a long-term vision and strategic goals and progress in terms of integration into the EU's single market, energy and digital markets. Moldova is in favour of increased security cooperation (e.g. the European Hybrid Threat Centre, etc.), in the fight against corruption, and in environmental protection.

Moldova is one of the poorest countries in Europe. In 2020, the country's GDP fell by 7 % to USD 4,512 per capita. Small and medium-sized enterprises (hereinafter – SMEs) are crucial to the country's economy: in 2018, SMEs represented 98.7 % of all enterprises and employed 59.8 % of the workforce. Another aspect is the high level of emigration (especially of young people and highly skilled workers; 0.8 million nationals live abroad).

Activities of international donors, in particular of the EU, in the country

Moldova has a very large international donor community – not only bilateral donors, but also branches of many UN organisations (UNICEF, UNDP, WHO, World Bank – more than 20 in total), the OSCE, EIB, EBRD, etc., as well as the offices of foreign NGOs (US, Germany). The *European Endowment for Democracy* (EED) is working effectively in Moldova as well.

In 2021, Moldova launched the AAP 2020 Programme; the main areas of support include 1) support to local communities (quality of life, economic and social recovery); 2) support to justice sector reform (transparency, accountability, accessibility), which will **be managed by the Central Project Management Agency (CPMA) with the participation of Lithuanian experts**; 3) support to the media in the regions; 4) strengthening crisis resilience in the health sector; and 5) support to strengthening the financial sector (supervision and risk management).

Needs of the partner country

Donor support is vital for the functioning of the state. Practical and well-defined reforms (in the areas of environment, water use, telecommunications, international transport, etc.) that benefit every citizen are needed. Another important aspect is the fight against corruption and the publicity surrounding its results. According to Transparency International's 2019 Corruption Index, Moldova ranks 120th out of 180. Reducing and stepping up the fight against corruption is one of Moldova's biggest challenges.

Although a number of anti-corruption laws have been adopted, but implementation is lagging behind. Moldova is struggling with the implementation of its justice reform. The implementation of the rule of law is an essential condition for the country's progress, which would encourage and restore citizens' trust in the state, create conditions for business development and improve the investment environment.

Another aspect is the importance of mobilising support for the public sector (public institutions). Shifting resources to parallel structures (NGOs) rather than strengthening the state does not ensure the expected progress.

Potential niches for Lithuania's contribution (partnership): needs of the partner country or society, activities of other donors and opportunities for engagement of the Lithuanian public sector, NGOs and business

Lithuania's interest:

- to keep Moldova on the path of European development, accelerate reforms, strengthen EU support for the implementation of the AA/DCFTA, increase the visibility of EU added value for the population, support the move towards the EU (deeper sectoral integration and integration into the EU's internal market);
- to support and actively share experience, particularly in the public sector, in implementing political, economic and social reforms and strengthening the democratic development of society. Using the support mechanisms of international donors, transfer Lithuania's expertise – models of operation and innovative solutions for the implementation of reforms in Moldova, promote bilateral cooperation between Lithuanian institutions, identify specific needs in each sector, send Lithuanian experts to Moldovan institutions, and organise training for representatives of Moldovan institutions;
- it is important to plan for the use of multilateral instruments, for which it is recommended to consider Lithuania's new contribution to the E5P Fund (*Eastern Europe Energy Efficiency and Environment Partnership*), which implements important infrastructure and environmental projects. Participation in the Fund significantly broadens the impact of Lithuania's support and improves the country's visibility as a donor.

Content and objectives of Lithuania's development cooperation activities

The Ministry of Foreign Affairs financed the implementation of 143 bilateral projects through the Development Cooperation and Democracy Promotion (DCDP) Programme, **providing more than EUR 1.1 million.**

The areas of support for **2019–2021** include: 1) implementation of the reforms foreseen in the Association Agreement; 2) social and economic empowerment of women; 3) strengthening democracy and civil society, and combating corruption and disinformation.

Education of students in the STEM sector. Since 2017, Lithuania is one of the sponsors of GirlsGoIT programme in Moldova. The aim of the programme is to prepare girls for studies and careers in science, technology, engineering and mathematics. GirlsGoIT, the education and information campaign launched in 2015, enabled 543 students to gain knowledge in software development, engineering and electronics. The programme is active throughout Moldova, with 17 local clubs established in different cities.

Cooperation between transport safety authorities. Since 2018, the Lithuanian Transport Safety Administration has been cooperating with the Moldovan Ministry of Economy and Infrastructure, transferring knowledge to the Moldovan counterparts in road, maritime, rail and air transport. The analysis of transport regulatory legislation and guidelines for regulators have been prepared. Moldovan officials visited Lithuania's strategic transport facilities (seaport, railways, etc.).

Lithuania is actively involved in EU Twinning projects in Moldova. Between 2010–2021, Lithuanian institutions **won 12 project selections** in the areas of corporate governance and risk management in the financial sector (2021 RO/NL), food safety (2020 AT/PL), efficiency of vocational training (2018 FI/EE), anti-money laundering and anti-corruption (2018 PL/DE; 2017 RO/FI), modernisation of the police and customs (2018 PL; 2017 IT), medical and pharmaceutical system (2016 PL), food safety (2016 LV/SE), modernisation of the civil service system (2014 LT), strengthening of the veterinary system (2010 UK), and consumer protection (2010 UK).

Lithuania's development cooperation policies in Moldova for 2022–2025 (up to 3 directions)

Lithuania's strategic objectives for development cooperation are based on Moldova's needs, the Programme of the Government of the Republic of Lithuania and the EU's Neighbourhood Policy priorities.

The key principles are as follows: 1) to increase targeted support for Euro-integration, democracy and freedom in the EU neighbourhood; 2) to reduce the fragmentation of development cooperation, to build on long-term objectives; 3) to take into account the EC *Team Europe* principles when planning activities, to strengthen joint efforts in a coherent manner; 4) to prioritise specific changes in targeted areas where the added value of Lithuania's experience from the transition period is evident; 5) to share *public sector expertise*; and 6) to maintain the compactness and focus of bilateral interventions; 7) to actively use the existing development cooperation instruments, in particular EU Twinning projects and delegated cooperation in EU projects; 8) to apply horizontally the EU's Gender Equality Action Plan (GEAP III); 9) to apply horizontally the EU's Green Deal, promoting the sustainable use of natural resources, recycling and the use of recycled materials.

The sectoral priorities of Lithuania's development cooperation strategy in Moldova are as follows:

STRATEGIC PRIORITY 1: STRENGTHENING MOLDOVA'S ADMINISTRATIVE AND INSTITUTIONAL CAPACITY IN IMPLEMENTING REFORMS RELATED TO THE ASSOCIATION AGREEMENT, TRANSFERRING EXPERIENCE IN THE AREA OF PUBLIC SECTOR REFORMS

Objective: To support the implementation of the EU Association Agreement and the necessary reforms, and to strengthen the administrative capacity of public institutions.

Activities: 1) to exchange knowledge and experience in optimising the public sector, bringing it closer to EU standards; 2) to contribute to the harmonisation of legislation in the field of transport; 3) to actively engage in the implementation of programmes and projects funded by international donors, in particular by EU funds. Priority is given to reforms in the justice sector, continuing work started in the areas of anti-money laundering and anti-corruption, modernisation of the police and customs, modernisation of the civil service system, and the consumer protection system; 4) to increase Lithuania's contribution to the E5P Fund, which implements important infrastructure and

environmental projects; 5) to continue the implementation of the solar power plant projects managed by the Ministry of the Environment through the Climate Change Fund; and 6) to contribute to the strengthening of the country's competencies in radiation safety and nuclear safety.

STRATEGIC PRIORITY 2: STRENGTHENING PUBLIC RESPONSIVENESS TO DISINFORMATION, HIGHLIGHTING SOCIAL AND CRISIS RESILIENCE ASPECTS

Objective: To involve civil society in governance and reform processes, participatory democracy, the fight against corruption, the promotion of the rule of law, and to support independent media and the capacity of leaders for strategic communication.

Activities: 1) to promote civil society activism and support cooperation projects between NGOs; 2) to provide support to independent media; 3) to transfer Lithuania's experience in the fight against disinformation.

STRATEGIC PRIORITY 3: DEVELOPING GENDER EQUALITY

Objective: To continue and develop projects that mainstream gender equality in development, as foreseen in the Law on Development Cooperation and Humanitarian Aid, EU Gender Equality Action Plan III 2021–2025 and UN Resolution 1325. Encouraging girls and women to take an interest in and choose the sciences (science, technology, engineering and mathematics) as a career, thus breaking gender stereotypes, opening up greater opportunities for equal pay for equivalent work and ensuring a marketable profession and a secure source of living.

Activities: 1) to prepare girls and women for studies and careers in science, technology, engineering and mathematics; 2) to promote learning, skills development and the acquisition of new competences in order to take equal advantage of the digital transformation and the career and entrepreneurial opportunities offered by the transition to the Green Deal.