

July 2026

Political Developments in the Republic of Moldova

Report prepared by Issue Monitoring



Internal Affairs

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Internal Affairs

THE TOFAN GOVERNMENT TAKES OFFICE AFTER A RAPID POLITICAL TRANSITION.

Alexandru Munteanu's resignation on 3 July triggered a compressed government-formation process, with Economy Minister Eugeniu Osmochescu assuming the premiership on an interim basis before President Maia Sandu formally nominated investor Vasile Tofan as candidate for prime minister. Tofan's consultations exposed limited prospects for cross-party backing: the Socialists welcomed some of his ideas but declined to support the Cabinet, the Communists refused to participate in consultations, and other opposition forces presented their own policy demands. Nevertheless, the Government secured Parliament's confidence with the votes of 53 PAS deputies, while 21 MPs opposed it and 21 abstained, and was sworn in on 22 July. The transition preserved substantial institutional continuity, but the Cabinet's reliance on the governing party's parliamentary majority may limit its ability to build broader political ownership for difficult reforms.

THE NEW CABINET COMBINES CONTINUITY WITH LIMITED PERSONNEL RENEWAL.

Most key portfolios remained under ministers already involved in the previous administration, supporting continuity in EU integration, foreign affairs, security, infrastructure and economic policy. The main personnel changes concerned several social and sectoral ministries, although the Cabinet faced an early setback when Agriculture Minister Radu Musteață resigned only two days after taking office amid controversy over alleged past links with the former Democratic Party. The resignation created immediate uncertainty in a strategically important portfolio at a time when the Government was promising agricultural investment and farmers were pressing for stronger fiscal support.

- **Prime Minister:** Vasile Tofan
- **Deputy Prime Minister for European Integration:** Cristina Gherasimov
- **Deputy Prime Minister for Reintegration:** Valeriu Chiveri
- **Minister of Foreign Affairs:** Mihai Popșoi
- **Minister of Economy:** Eugeniu Osmochescu
- **Minister of Finance:** Victoria Belous
- **Minister of Infrastructure:** Vladimir Bolea

- **Minister of Energy:** Dorin Junghietu
- **Minister of Justice:** Vladislav Cojuhari
- **Minister of Internal Affairs:** Daniella Misail-Nichitin
- **Minister of Defence:** Anatolie Nosatîi
- **Minister of Labour and Social Protection:** Natalia Plugaru
- **Minister of Environment:** Gheorghe Hajder
- **Minister of Education:** Dan Perciun
- **Minister of Agriculture:** Radu Musteață
- **Minister of Culture:** Dan Suruceanu
- **Minister of Health:** Alexandru Gașnaș

AN AMBITIOUS ECONOMIC PROGRAM FACES FISCAL AND IMPLEMENTATION CONSTRAINTS.

The Government's 147-page programme, "European Economy, Efficient State", sets five priorities through 2029, centred on economic recovery, EU accession, public-sector reform and improved living standards. Commitments include increasing the minimum wage to MDL 10,000, developing Moldova's first motorway section, stimulating investment, completing stalled infrastructure projects and transforming agriculture through capital investment, while maintaining targeted energy compensation for vulnerable consumers. However, Tofan acknowledged a budget deficit of approximately MDL 20 billion, highlighting the tension between expansive social and investment commitments and limited fiscal space. The Government also moved to review the 100 highest public-sector salaries and restrict excessive bonuses, signalling an effort to improve expenditure discipline and public trust. The programme offers potential opportunities for infrastructure, agriculture and private investment, but delivery will depend on prioritisation, external financing and the administration's capacity to convert broad targets into funded measures.

AGRICULTURAL SUPPORT REMAINS POLITICALLY SALIENT BUT INSTITUTIONALLY UNCERTAIN.

Agriculture featured prominently in the new Government's economic narrative, with commitments to modernise the sector through

investment and renewed discussions on the fiscal treatment of farmers. Parliament Speaker Igor Grosu indicated that the authorities were preparing a response to farmers' demand for a zero VAT rate, although the available statements did not establish the final scope, eligibility conditions or budgetary impact of such a measure. At the same time, the abrupt departure of Agriculture Minister Radu Musteață reopened the question of political and administrative leadership, while the Farmers' Force Association proposed Alexandru Slusari as a possible replacement. For agricultural businesses and suppliers, including seed-sector operators, the Government's stated investment orientation could support modernisation and productivity, but the lack of stable ministerial leadership and unresolved details regarding fiscal support reduce short-term predictability.

ENERGY AND WATER ALERTS EXPOSE MOLDOVA'S CLIMATE AND SUPPLY VULNERABILITIES.

Within its first week in office, the Tofan Government declared 30-day alert regimes in both the energy and hydrological sectors to address risks affecting fuel and water supplies. The energy measures reflected pressure on regional markets and the need to preserve rapid intervention mechanisms, while low water availability generated additional risks for households, agriculture and economic activity. Although domestic electricity demand remained covered, Energocom warned that peak-hour purchases could become more expensive because of broader regional constraints. The continuation of energy compensation may cushion the immediate social impact, but it could also add to budgetary pressure if elevated procurement costs persist. For farmers, drought-related water scarcity and potentially higher energy costs may affect irrigation, production expenses and harvest expectations, reinforcing the need for climate-resilient agricultural infrastructure.

ADMINISTRATIVE REFORM ADVANCES AS PARLIAMENT CLOSES A COMPRESSED SESSION.

The voluntary amalgamation of local authorities continued to gain ground, with more than 400 mayoralties reported to have approved amalgamation and 85.5% of eligible administrations having initiated the process. The reform seeks to consolidate fragmented administrations, strengthen local service delivery and improve the capacity of municipalities to manage infrastructure and development projects. At the national level, Parliament ended its session with an accelerated final sitting in which numerous initiatives were adopted before deputies entered a three-week recess. Taken together, these developments indicate continued institutional restructuring, but accelerated legislative procedures and changes in sensitive public bodies may raise concerns about consultation, implementation capacity and continuity.

THE GOVERNMENT SEEKS NEW APPROACHES TO GAGAUZIA AND TRANSNISTRIAN REINTEGRATION.

Prime Minister Tofan argued that Turkey could serve as an alternative partner to Russian influence in Gagauzia, reflecting an attempt to diversify Chișinău's engagement with the autonomous region through a country that has cultural and linguistic ties with the Gagauz community. Regarding Transnistria, the Government continues to frame reintegration as a gradual process linked to economic convergence, public services and Moldova's broader European trajectory rather than an exclusively political settlement. Maintaining Valeriu Chiveri as deputy prime minister for reintegration signals policy continuity, but

tangible progress will depend on regional security developments, the future of Russian military presence and Chişinău's capacity to offer credible economic incentives. The approach may reduce dependence on confrontational rhetoric, although external actors and entrenched local interests will continue to limit the Government's room for manoeuvre.

Foreign Affairs

EU NEGOTIATIONS ACCELERATE, BUT FURTHER PROGRESS DEPENDS ON MEMBER STATES.

Moldova opened Cluster 6 of its EU accession negotiations on 14 July, after all 27 Member States unanimously approved the common negotiating position. The cluster was opened after Cluster 1 because Moldova was assessed as comparatively better prepared in the relevant chapters, while the screening process and technical discussions have now covered all six negotiating clusters. EU Ambassador Iwona Piórko stated that all clusters were technically ready for opening, but stressed that the next steps remained subject to political decisions by Member States. The European Parliament also adopted its annual Moldova report with 505 votes and called for all clusters to be opened rapidly, while Romanian MEPs pressed for faster accession. The process is therefore advancing substantively, but its timetable remains exposed to political vetoes and Moldova's ability to maintain reform momentum.

EU FINANCING LINKS REFORM DELIVERY TO INVESTMENT AND ACCESSION PROGRESS.

Moldova reported completing more than 90% of the reforms scheduled for the first half of 2026 under the EU Growth Plan, although disbursement remains subject to the European Commission's assessment. During talks with the European Commission's director responsible for enlargement, Prime Minister Tofan highlighted investment stimulation, the use of Growth Plan resources and the acceleration of accession-related reforms, with Moldova potentially eligible to receive EUR 157 million in September if the assessment is positive. This conditional financing could support the Government's economic and infrastructure agenda and ease pressure on domestic public finances. However, the link between payments and verified reform implementation means that delays in legislation, administrative execution or institutional appointments could directly affect liquidity and investment planning.

ROMANIA AND BAVARIA EXPAND ECONOMIC AND INFRASTRUCTURE COOPERATION.

Prime Ministers Vasile Tofan and Ilie Bolojan agreed to accelerate bilateral infrastructure and energy projects, attract additional Romanian investment and deepen cooperation supporting Moldova's EU accession. Tofan also discussed concrete bilateral projects with Romanian President Nicușor Dan, reinforcing Bucharest's role as Moldova's principal partner in connectivity, energy resilience and European integration. Separately, President Maia Sandu and Bavarian Minister-President Markus Söder agreed to strengthen economic cooperation between Moldova and Bavaria. These partnerships could create additional openings for investment, technology transfer and supply-chain integration, including in agriculture and food production, although implementation will depend on translating high-level commitments into financed projects and commercial partnerships.

MOLDOVA DEEPENS SECURITY ALIGNMENT WITH UKRAINE AND EUROPEAN PARTNERS.

The EU approved EUR 120 million under the European Peace Facility to finance a medium-range air-defence system and strengthen Moldova's armed forces, complementing previous assistance for air surveillance and anti-aircraft capabilities. Moldova also participated for the first time in the Coalition of the Willing, while President Maia Sandu called for stronger support for Ukraine and regional security. At the South-East European summit in Kyiv, regional leaders reaffirmed assistance for Ukraine and pressure on Russia, and Tofan subsequently discussed new bilateral projects with the Ukrainian prime minister. The stronger alignment improves Moldova's defence resilience and external credibility, but also underlines its exposure to the security, energy and trade consequences of the continuing regional conflict.