

# TACKLING ENERGY VULNERABILITY AND POVERTY IN MOLDOVA

Moldova entered into an 'energy crisis' in October 2021, when gas and electricity shortages caused tariffs to spike. In 2022, prices increased sevenfold for natural gas and 400% for electricity. As a result, ahead of winter 2022, more than 70% of the households in the country were deemed energy-vulnerable, spending more than 10% of their incomes on energy, in particular on heating during the cold period (November through March).

UNDP, together with the Government of Moldova, designed and implemented an evidence-based, on-bill, compensation scheme to minimise the negative impact of energy inflation on Moldovan households: the Energy Vulnerability Reduction Fund (EVRF). After the successful impact it achieved during the 2022-23 heating season, registration is now open for the 2023-24 heating season.

The EVRF is linked with an Energy Vulnerability Information System through which households can apply online, directly, or with the help of a social assistant or a librarian. Each applicant is automatically ranked into one of seven energy vulnerability categories (from extremely vulnerable to non-vulnerable) through a dedicated algorithm that provides full transparency on the system of categorisation and compensation. A reduced tariff is then applied to bills for natural gas, electricity, or centralised heating. The most vulnerable households who use firewood or coal for heating are eligible for a monthly cash transfer.

UNDP supported the development of the Energy Vulnerability Information System, as well as the creation and operation of a call centre to provide information on the registration procedure. Other UNDP-supported aspects include the communication campaign (radio and TV spots, posters, billboards, social media assets, registration video tutorials), the training of social workers and librarians and their provision with paper registration forms and pens.

## STREAMS

The Fund is coupled with a few complementary and critical interventions supported by UNDP, including a large behavioral programme to further incentivize households to reduce consumption:

- 1 Improving policy/regulatory frameworks to support inclusive investments in energy efficiency and security
- 2 Enhancing institutional capacities and coordination mechanisms to reduce present and potential future energy crises.
- 3 Raising awareness, information, and communication to foster public support for energy conservation and increased energy efficiency.
- 4 Demonstrating energy-efficiency and renewable energy measures to increase affordability and develop sustainable financing mechanisms. Planned interventions include replacing inefficient home appliances for the most vulnerable households.

## KEY RESULTS

- UNDP's assistance to the Government in defining and measuring energy poverty resulted in a definition that was included in Law 241 on Energy Vulnerability approved by the Parliament of Moldova
- In the 2022-2023 heating season, approximately 895,000 households benefited from on-bill compensations
- 57% of natural gas bill costs and 59% of the costs of heating bills were compensated
- According to the UNDP impact assessment of the Fund, the compensations reduced the level of energy poverty by 43% and had the greatest impact on the most vulnerable families
- By the end of November 2023, more than 740,000 households have applied for compensation for the 2023-24 heating season in the Energy Vulnerability Information System
- The EVRF is triggering important modernisations of the national social protection system, the Ministry of Labour and Social Protection having embarked on a mission to digitalise its other services, modelled on the EVRF experience.

## KEY CONTRIBUTORS

Moldova, European Union, Germany, World Bank Multi-Donor Trust Fund (U.S. Government and Norwegian Government contribution), Lithuania, Slovakia, Czech Republic, Sweden, Switzerland and Italy. The EVRF is open for additional contributions.

## KEY PARTNERS:

Government of Moldova (Ministry of Labor and Social Protection, Ministry of Finance and Ministry of Energy).

### DURATION

Nov. 22 - March 23  
Nov. 23 - March 24

### BUDGET

EURO 250 million  
EURO 136 million

### CONTACT

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