

Anastasiia Arbuzova, SITE

Anders Olofsgård, SITE

December 2025

# Development Day 2025: Ukraine's and Moldova's Path Towards EU Membership

The European Union's enlargement policy has re-emerged as a central geopolitical instrument in response to Russia's war against Ukraine and sustained destabilization efforts in its neighbourhood. For Ukraine and Moldova, EU accession is no longer a distant aspiration, but an existential strategic choice tied to security, economic development, and democratic survival. At this year's **SITE Development Day**, policymakers, researchers, and practitioners gathered to take stock of where the two countries stand on their accession paths, which challenges risk undermining progress, and what role the EU and international partners can play in sustaining momentum. This policy brief synthesizes key insights from the conference discussions, focusing on three interlinked dimensions of accession: economic preconditions and foreign financing, democratic resilience under hybrid threats, and human capital development.

## Introduction

The EU accession process continues to enjoy strong political and societal support in both Ukraine and Moldova, despite the profound challenges each country faces. Opening the conference, **Dag Hartelius**, State Secretary for Foreign Affairs of Sweden, emphasized that both countries have demonstrated sustained commitment to European integration, while underlining the need for stable, reliable, and predictable engagement from European partners. In Ukraine, Russia's full-scale invasion has consolidated a broad societal consensus around a European future, with support for EU accession remaining high despite the immense economic and human costs of war. Moldova, meanwhile, has reaffirmed its European course through the election of a strong pro-EU parliamentary majority, even as it remains exposed to significant geopolitical pressure, as highlighted by **Carolina Perebinos**, State Secretary at the Ministry of Foreign Affairs of Moldova.

Yet, speakers stressed that political support should not be taken for granted. As noted by **Vadym Halaichuk**, First Deputy Chair of the Committee on Ukraine's Integration into the EU of the Verkhovna Rada, prolonged delays, blocked negotiations, or unclear signals from the EU risk creating space for Eurosceptic narratives, particularly as wartime economic hardship persists in Ukraine.

Participants mentioned the risk of a "Balkan trap," where candidate countries remain in prolonged negotiations despite credible reform progress. For Ukraine and Moldova, time is a critical factor. The accession framework, largely designed for peacetime and politically stable environments,

might be less suited to countries undergoing war or facing sustained hybrid attacks. This raises questions about whether the EU can adapt to reward reform progress more dynamically, without undermining merit-based conditionality.

## Economic Outlook and Foreign Aid

Economic resilience is a central pillar of sustained support for EU accession. Ukraine's economy has been recovering since the initial collapse in 2022, but the recovery remains slow and uneven across sectors. Wartime destruction, disrupted supply chains, labor shortages due to large-scale displacement, and rising defense needs continue to constrain growth. As discussed at the conference, Ukraine requires predictable external support to maintain macroeconomic stability and finance reconstruction.

In Moldova, decades of low growth, repeated external shocks, and adverse demographic trends, including population decline and ageing, have left the economy vulnerable. While macroeconomic stability has improved and inflation has fallen to historically low levels, productivity remains low and the economy insufficiently diversified, underscoring the need for greater access to capital and investment opportunities. At the same time, business sentiment has improved, with **recent survey evidence** (Partnerships for New Economy, 2025) suggesting that most firms believe the country is moving in the right direction and that the business community places significant importance on EU integration.

The economies of Ukraine and Moldova remain critically dependent on foreign support, but there is a need to adapt to a changing landscape for



development cooperation. Potential reductions in traditional official development assistance, particularly from major bilateral donors, increase the importance of mobilising private capital, diaspora resources, and blended finance instruments. However, private investors continue to perceive Ukraine and Moldova as high-risk environments, often overestimating political and sovereign risk relative to actual default rates and recovery outcomes. Expanding guarantees and de-risking instruments in the form of EU grants for public sector projects and providing technical assistance to develop bankable projects are critical to narrowing this perception gap. Across both cases, conference participants stressed that EU accession is perceived not only as a political anchor but also as a central mechanism for addressing long-standing economic constraints.

## Democratic Resilience and Hybrid Threats

A defining feature of both accession processes is the persistent pressure from Russian hybrid warfare. Moldova's recent elections illustrated the breadth of these tactics, ranging from vote-buying schemes and disinformation to energy manipulation and attempts to overwhelm law enforcement institutions. Ukraine faces similar challenges under more extreme conditions, as democratic governance continues under martial law and constant security threats.

While corruption remains a serious concern, participants emphasized that institutions have been strengthened rather than collapsed despite the challenging circumstances. In Ukraine, anti-corruption agencies continue to function, and political scandals have not displaced the broader

reform agenda or public support for European integration. Moldova's experience demonstrates that coordinated institutional cooperation with European partners can significantly enhance the state's ability to counter hybrid interference.

A recurring theme was the importance of local-level governance. While EU accession reforms often focus on national legislation, their success ultimately depends on effective implementation at the municipal and regional level. In the case of Ukraine, its large size, diverse political landscape, and multi-level governance structure make it particularly important to empower the administrative capacity of municipalities (Hromadas).

Crucially, supporting democratic resilience in Ukraine and Moldova is a core European interest, with direct implications for EU security, democratic stability, and the integrity of the enlargement process itself.

## Human Capital Development

Investments in human capital are critical for long-term growth and development, yet brain drain is a major concern in both Ukraine and Moldova. Survey evidence indicates that many students are choosing to study abroad, driven by a combination of security concerns, education quality, and economic factors (see Vaskovska, 2025). At the same time, many students express willingness to return, with EU accession perceived as a key condition for long-term stability and opportunity.

Strengthening demand for skills—through private-sector involvement and public-sector capacity building—was seen as essential to raising returns to local education. Moreover, speakers stressed



the importance of treating the diaspora as an asset rather than a loss, and supporting targeted mobility schemes, professional networks, and research and teaching initiatives that facilitate knowledge transfer. Comparative reflections on Poland's accession underscored that human capital and public infrastructure investments can start a path to sustained convergence even before formal membership.

## Conclusion

Discussions at the conference underscored that Ukraine and Moldova have demonstrated a high degree of political commitment and societal support for EU accession under exceptionally challenging conditions. At the same time, the sustainability of this support depends on the credibility, pace, and predictability of the accession process. Prolonged uncertainty, blocked negotiations, or reduced predictability of foreign assistance risk creating space for Eurosceptic narratives.

Both countries face significant structural economic constraints and heightened financing needs, while private investment remains constrained by elevated risk perceptions. Addressing these challenges requires not only continued macroeconomic and financial support but also targeted assistance to develop bankable investment opportunities and reduce perceived risks. Effective implementation of reforms—particularly at the local level—and efforts to retain and mobilise human capital depend on sustained institutional cooperation, strengthened local capacity, and a visible European presence on the ground.

For the EU, supporting Ukraine and Moldova is of strategic self-interest. As emphasized throughout the conference, integration is not merely an enlargement decision — it is a long-term investment in Europe's economic stability, democratic resilience, and security.

## References

Partnerships for New Economy (2025). "[Barometrul antreprenorilor](#)" ("Entrepreneurs' Barometer"), retrieved Dec 18, 2025.

Vaskovska Anhelina (2025). "[Strengthening Human Capital: How Ukraine and Moldova Can Retain and Reconnect Their Students](#)", FREE Policy Brief Series, December 2025.

## List of Participants

- Torbjörn Becker, Director of SITE
- Raj M. Desai, Professor of International Development at Georgetown University
- Stefan Falk, Director, Swedfund Project Accelerator
- Kata Fredheim, Executive Vice President of Partnerships and Strategy, SSE Riga
- Vadym Halaichuk, First Deputy Chair of the Committee on Ukraine's Integration into the EU of the Verkhovna Rada of Ukraine
- Dag Hartelius, State Secretary for Foreign Affairs
- Klara Lindström, Analyst at the Stockholm Centre for Eastern European Studies (SCEEUS)
- Michal Myck, Director at CenEA, Szczecin
- Anders Olofsgård, Deputy Director of SITE



- Carolina Perebinos, State Secretary at the Ministry of Foreign Affairs of Moldova
- Dumitru Pintea, Expert at Partnerships for New Economy, Chisinau
- Rustam Romaniuc, Associate Professor at Montpellier Business School
- Nataliia Shapoval, Chairman of KSE Institute
- Tobias Thyberg, Deputy Director General, Ministry for Foreign Affairs
- Viorel Ursu, Moldovan Ambassador to Sweden
- Anhelina Vaskovska, International Relations Specialist





## Anastasiia Arbuzova

Stockholm Institute of Transition Economics  
anastasiia.arbuzova@hhs.se

<https://www.hhs.se/en/persons/a/arbuzova-anastasiia/>

Anastasiia Arbuzova is a Postdoctoral Researcher at the Stockholm Institute of Transition Economics (SITE). Prior to joining SITE, she completed her Ph.D. in Economics at Boston University and her undergraduate degree at the New Economic School (NES). Arbuzova's research interests encompass political economy, with a particular emphasis on non-democratic regimes, and development economics, with a focus on gender.



## Anders Olofsgård

Stockholm Institute of Transition Economics  
anders.olofsgard@hhs.se

<https://www.hhs.se/en/persons/o/olofsgard-anders/>

Anders Olofsgård is Deputy Director at the Stockholm Institute of Transition Economics (SITE) and Associate Professor at the Stockholm School of Economics. Before that, he was Associate Professor at the Edmund A. Walsh School of Foreign Service, Georgetown University. He earned his Ph.D. in Economics from the Institute for International Economic Studies (IIES) at Stockholm University in 2001. Olofsgård's primary research areas are political economy, development, and applied microeconomics, and he has published widely in both economics and political science journals. He has also been a visiting scholar at the research department of the IMF and done work for, among others, the World Bank, USAID, and the Swedish Parliament.

## [freepolicybriefs.com](http://freepolicybriefs.com)

The Forum for Research on Eastern Europe and Emerging Economies is a network of academic experts on economic issues in Eastern Europe and the former Soviet Union at BEROE (Vilnius), BICEPS (Riga), CenEA (Szczecin), ISET-PI (Tbilisi), KSE (Kyiv) and SITE (Stockholm). The weekly FREE Network Policy Brief Series provides research-based analyses of economic policy issues relevant to Eastern Europe and emerging markets. Opinions expressed in policy briefs and other publications are those of the authors; they do not necessarily reflect those of the FREE Network and its research institutes.