

EUROMONITOR:

THE FIRST ACHIEVEMENTS AND CHALLENGES IN IMPLEMENTING THE EU-RM ASSOCIATION AGREEMENT

(July 2014 – July 2015)

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Chisinau, September 2015



The report was elaborated under a project implemented by ADEPT and Expert-Grup with the support of the US Agency for International Development (USAID) through the East European Foundation and FHI 360. This report is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of the authors and do not necessarily reflect the views of USAID, the United States Government, FHI 360 and / or East European Foundation

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Executive summary

EUROMONITOR Report – *The first achievements and challenges in implementing the EU-RM Association Agreement* covers the outcomes following monitoring implementation of the EU-RM Association Agreement during July 2014 - July 2015. The Association for Participatory Democracy ADEPT and Expert-Grup Independent Think-Tank conducted the monitoring, which covered the analysis of commitments achieved by the Moldovan authorities under the National Action Plan for the implementation of the Moldova - EU Association Agreement for the period 2014-2016 (NPAA).

Monitoring implementation of the Association Agreement covered concrete commitments undertaken by national authorities in 23 policy areas, of which 15 areas are related to economic and sectorial cooperation, and 10 areas – to the Deep and Comprehensive Free Trade Area (DCFTA).

We hereby present the synthesis of developments identified within the monitored period, covering progress achieved including backlogs and issues identified this period of implementation of the Association Agreement.

Experts have examined 1063 actions planned for implementation during 2014-2016 under the NPAA, which will continue to be under surveillance by the end of 2016. 765 (72%) of the actions refer to the period between July 2014 and July 2015 and have already been examined, the results of which are detailed herein. 59% (631) of the total actions are measurable and imply at least one performance indicator. The remaining 41% (432) of the NPAA actions are non-measurable, or difficult to form an objective opinion on, based on certain indicators. As such, it is challenging to provide objective conclusions on Moldova's progress achieved after the association to the EU and on the impact of this association on the socio-political developments of the country.

With reference to the progress of the actions planned for the period July 2014 - July 2015, 21% have been implemented, 68% are ongoing and 11% have not been put into effect. This data indicates on poor drafting of the NPAA, which fails to ensure accurate monitoring. Thus, the proportion between the actions implemented within the set timeframe, compared to the non-implemented actions is about 2:1. Most actions are currently ongoing, which suggests that after one year of the Association Agreement implementation, it is still early to come to any firm judgments on its results.

Under the political component, 370 actions have been planned for implementation, of which 309 for the period July 2014 - July 2015. 51% (188) of the actions under this component have performance indicators and, thus, a measurable degree of achievement. However, this is not the case for the other half of the actions - 182, which are vague and whose implementation degree is difficult to measure.

Only 8% of the NPAA's planned actions under political headlines have been implemented or partially implemented. Other 8% have not been implemented at all. The remaining 84% are ongoing. As such, their degree of implementation will be possible to assess at the end of 2015, upon expiry of their due date.

Under the economic components, 693 actions have been planned, of which 456 for the period July 2014 - July 2015. 64% (443) of the actions under this component have performance indicators and, thus, a measurable degree of achievement. However, this is not the case for the rest of 250 actions, which are vague and whose implementation degree is difficult to measure.

29% of the actions planned under economic headlines / DCFTA have been implemented or partially implemented. 14% have not been performed or there is no information on their implementation level. The remaining 57% are ongoing. Likewise the political component, the degree of their achievement will be possible to measure at the end of 2015, upon expiry of their due date.

Main achievements on implementing the NPAA:

- Law no. 36 dated 09.04.2015 on amending and supplementing certain legislative acts, aiming to also implement the recommendations of the Group of States against Corruption (GRECO) addressed to Moldova during the Third Evaluation Round.
- Implementing the Law no. 178 dated 25.07.2014 on disciplinary responsibility of judges, starting 01.01.2015.
- The number of complaints on torture filed in 2014 and 2015 decreased, whereas the number of criminal cases filed in court under indictment has increased.
- Approval of amendments to the Electoral Code regarding financial reporting by political parties during election campaigns.
- The Report on the Moldovan Extended Migration Profile for the years 2008-2013, published in December 2014, is an example of effective cooperation between the members of the Inter-institutional Technical Working Group (MITC, MIA, NBS, MAEIE, MMPSF, MS, MEd.), which resulted in a reference product.
- The collaboration between MTS and civil society in promoting the Law on Volunteering is a representative example of cooperation between political will and expertise from civil society that generated positive change on public policy on volunteering.
- Ratification of the Financing agreement between the Moldovan Government and the European Commission on the implementation of ENPARD Moldova.
- Inauguration of the first joint-gauge railway terminal, in the International Port Giurgiulesti.
- Approval of the law on Moldova's accession to the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin.
- Ratification of the Agreement between Moldova and the EU on participation in the EU program "Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs) (COSME 2014-2020)".
- Drastic decrease of documents required to process export / import transactions.
- Establishment of communication platforms dedicated to the DCFTA.

Failures in the implementation of NPAA:

- Failure to draft the bills of law needed to implement the reform of Prosecution and of the National Integrity Commission.
- Failure to implement actions related to the operation of the National Integrity Commission.
- The term for implementation of the National Human Rights Action Plan (NHRP) 2011-2014 has expired. A new draft action plan for the next period is absent.
- Ombudsman reform is in delay.
- Appointment of Child Protection Ombudsman in violation of eligibility criteria.
- National Council for Child Protection has been idle for nearly one year.
- Capping donations from individuals and businesses in the "electoral fund" of political parties at rates 10 times higher than the level set in the draft amendment to the Electoral Code.
- Lack of firm action to address the crisis in the banking sector.
- Perpetuation of uncertainty on the implementation of the Association Agreement / DCFTA in the separatist region of Trans-Dniester.
- Freezing external financial and technical assistance by the key development partners of the country.
- Failure to adjust the national legislation to the Third Energy Package.

Introduction

The Association Agreement¹ (AA) between the European Union (EU) and the Republic of Moldova is the basic document governing the entire spectrum of relations between the parties, whose provisions are mandatory for implementation. AA aims at the economic integration and political association of Moldova to the European Community. For Moldova, the association to the EU may represent an intermediate step in the European integration process, but it may also become a final point of its integration course – blocking the country in a buffer zone between the EU and the Eurasian Economic Union. Due to the division of society and of political factors on integration criteria, it is yet intangible to contour a clear vision on how the Republic of Moldova could benefit of the support of the entire society. Therefore, the manner of implementation of the AA provisions will determine the course of the internal political developments and external integration of the country.

Given the full toolbox set out by AA for achieving the goal invoked and Moldova's interest to quickly progress in implementing the actions required, it is important to ensure qualified and systematic assessment of Moldovan public authorities ability to carry out their tasks. In this regard, the signing of AA was accompanied by the Association Agenda² designed to establish a jointly agreed set of priorities for the years 2014-2016, to prepare for the implementation of the Association Agreement, including on the part concerning the Deep and Comprehensive Free Trade Area. Moldovan politicians have expressed their will to accurately implement the AA provisions and objectives into national action plans. The action plans indicate the public authorities that are directly responsible for the implementation of actions, specific time limits and the necessary financial sources. On 7 October 2014, the Government approved the Decision no. 808 on the approval of the National Action Plan for the implementation of the Moldova - European Union Association Agreement (NPAA) for the years 2014-2016³. This Government Decision provides as follows:

- Ministries and other central government authorities are responsible to undertake, according to their competence, the measures needed to ensure full implementation and within the set deadlines of the NPAA actions and quarterly report to the Ministry of Foreign Affairs and European Integration (MAEIE);
- The Ministry of Economy has been appointed to coordinate the fulfillment of the commitments derived from Title V of the AA on the creation of the Deep and Comprehensive Free Trade Area (DCFTA) and quarterly report to MAEIE on the implementation of the measures provided under NPAA;
- MAEIE has been charged to supervise over # NPAA implementation and is required to report to the Government on NPAA implementation level on 15 July and 15 December of each reporting year.

In this context, on 26 February 2015 the Government approved the Decision no. 16 on the National plan on approximation of legislation in 2015⁴. This Decision has been approved in order to execute the Government Decision no. 1345 dated 24 November 2006 on the approximation of Moldovan legislation with the EU legislation. It is worth to note that the approximation of legislation with the Community law was provided by the EU - Moldova Action Plan (PAUEM), which aimed to an accelerated implementation of the provisions under the Partnership and Cooperation Agreement (PCA). The legislation approximation became more important after signing the AA in 2014 than it was during 2011-2014. During this period, the plans for approximation of legislation were focused on implementing the European Commission's

¹ <http://lex.justice.md/md/353829/>

² <http://infoeuropa.md/ue-privind-rm/agenda-de-asociere-dintre-uniunea-europeana-si-republica-moldova/>

³ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=354939>

⁴ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=357187>

recommendations for the establishment of the DCFTA between Moldova and the EU, approved by Government Decision no. 1125 dated 14 December 2010. On 26 May 2015 the Government passed the Parliament Draft Decision on the Legislative program for transposing the commitments under the AA. The Parliament has reviewed and approved the Draft Decision⁵ within eight months as of the approval of NPAA.

AA covers all aspects of socio-economic, domestic and international politics. Therefore, it is logical to presume that the NPAA should have the role of an integrated plan of actions for the implementation of the old and new programs and strategies in all areas covered under AA. In this respect, national plans of approximation should clarify, if necessary, the provisions of NPAA. Similarly, the Government must consider NPAA provisions upon drafting new programs and adjustments therein, except for very specific areas for the development of Moldova, which are not expressly provided under the NPAA.

Given the above, government authorities and non-governmental organizations concerned, for a proper monitoring of NPAA implementation should undertake additional coordinated efforts.

First, it is important to identify formal and content shortcomings of NPAA:

- General and confusing wording of the commitments, which sound more like objectives than actions. By way of example: development and capacity building in the fight against high-level corruption and corruption in law enforcement authorities;
- Commitments that are in fact statutory and basic responsibilities of the authorities. By way of example: Effective implementation of a filing mechanism for income statements, statements of interest and incompatibilities in the functioning of the National Integrity Committee;
- Commitments that do not qualify as strategic actions, being in fact inherent for monitoring policy documents. By way of example: Publication on the National Anticorruption Centre website of reports on NPAA implementation for the years 2014-2015, on implementation of the National Anticorruption Strategy for the years 2011-2015, as well as information concerning the activity of the Monitoring Group;
- Lack of clear consistency on implementing the Association Agenda with priority;
- Absence of clear separation of responsibilities between relevant authorities for implementing the actions;
- Lack of clear prioritization of actions to achieve the relevant objectives of the Association Agreement;
- Unannounced revision of the deadlines for the implementation of the NPAA.

Cooperation between governmental and nongovernmental institutions should start with methodological clarifications, so that monitoring outcomes are clear and credible. Things to be clarified concern the following:

- Need to delimitate the goals and objectives under AA from the actual actions to be taken and clearly specified in NPAA. The measures provided under NPAA, such as “efforts for ensuring compliance with certain obligations; intensifying efforts to achieve the objectives; development, improvement and strengthening of certain institutions or phenomena etc.”, should also include concrete, quantifiable and measurable actions to achieve these objectives. Thus, Moldova should develop its potential to react predictably to situations that may arise and require immediate involvement, especially in accordance with the obligations already incurred. These objectives require

⁵ <http://parlament.md/ProcesulLegislativ/Proiectedeactelegislative/tabid/61/LegislativId/2752/language/en-US/Default.aspx>

maintenance of existing capacities and development of new abilities, which are currently absent, in order to execute the obligations that are impossible to execute under existing circumstances. In this regard, several ministries and government authorities have developed annual working plans also covering the objectives set under the NPAA. However, these plans also fail to provide concrete actions to achieve goals and objectives;

- The need to identify criteria for assessing the impact of the implemented measures and actions. This aspect is rather important, as there are clear examples that in certain very sensitive areas for Moldova, such as the reform of the judiciary and fighting corruption, the progress has been very modest or regressive, even after years of efforts;
- Financial coverage for actions and efforts undertaken to achieve the goals and objectives. Given that Moldova's strategic goal is expressly covered under the government program - European integration, implementation of NPAA by public authorities is a current activity, presumed to be covered from budgetary funds. Therefore, it is necessary to explicitly indicate the need to attract extra-budgetary funds for the implementation of highly specific measures, which are impossible to achieve based on conventional financial sources;
- Timeframes for implementing the actions and achieving the objectives and goals under AA. These time limits are important to track achievements, implementation capacity of responsible authorities, and for public debate on impact assessments.

The authors of this report have reviewed all actions required for the first year of NPAA implementation (July 2014 - July 2015), starting from methodological items mentioned above. The text of the report refers to the most significant achievements and failures of public authorities responsible for NPAA implementation.

The authors express sincere thanks to public authorities that provided required information on NPAA implementation, in their area of responsibility. We are convinced that continuous cooperation between civic organizations and public authorities may lead to finding the best way of assessing AA implementation, which will facilitate achieving the set objectives.

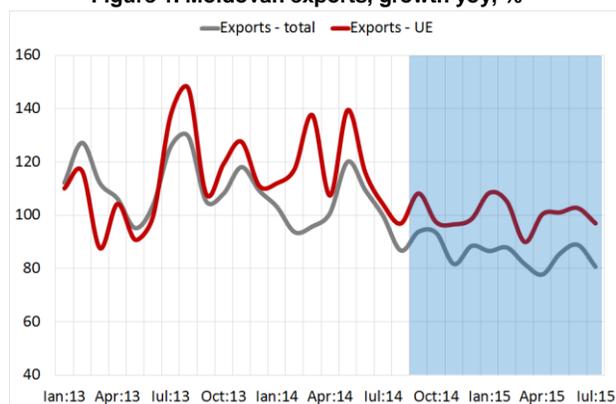
Association Agreement after one year of implementation in the light of foreign trade

According to earlier estimates⁶, implementation of the Association Agreement with the EU would boost Moldovan exports by about 11%. However, these benefits shall develop in the long term. This is because upon entry into force of the Association Agreement, the EU market was already open (with certain exceptions) for Moldovan products in terms of tariff barriers, whereas elimination of non-tariff barriers takes longer time. Moreover, the Agreement entered into force in an extremely difficult period for Moldova, associated with worsening political instability, volatility of macro-economic, macro-financial, and economic conditions and the security issues of neighbouring countries in the East.

Therefore, it is not surprising that the effects of the Association Agreement on Moldova's foreign trade were soon visible. As shown in Figure 1, during September 2014 - July 2015 (latest data available), exports of goods to the EU have virtually stagnated (+ 0.1% yoy) and the quotas⁷ offered by the EU have not been capitalized. For comparison, total exports fell by 14% yoy, mainly due to Russian trade restrictions, the economic crisis in this country and the economic crisis and security of Ukraine. Mediocre performance of Moldovan exports in the period under review happened despite national currency depreciation (which usually favours exporters) by 15% against the euro and 25% against the US dollar. Therefore, exports were undermined by fundamental competitive gaps that have worsened in the period under review, amid the economic downturn, restriction of access to bank loans and higher prices on imported raw materials.

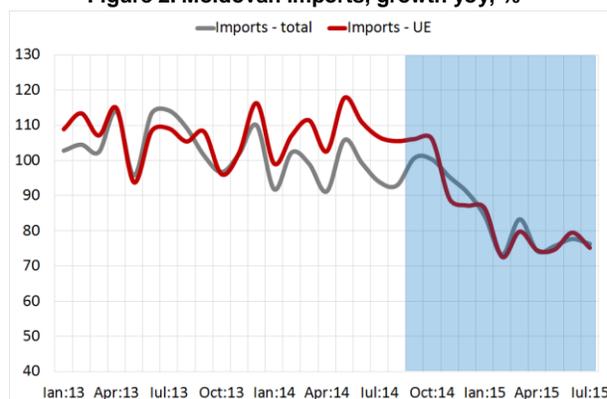
Domestic economic difficulties, decrease of consumption and currency depreciation caused 15% (Figure 2) decline of total imports during September 2014 - July 2015, in correlation to imports from the EU. This empirically has removed the myth spread by certain political forces and media sources in the country that the liberalization of trade with the EU would lead to rapid growth of imports and bankruptcy of domestic manufacturers.

Figure 1. Moldovan exports, growth yoy, %



Source: National Bureau of Statistics

Figure 2. Moldovan imports, growth yoy, %



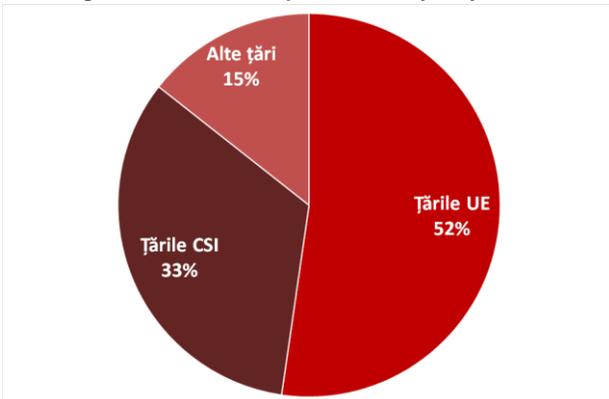
Source: National Bureau of Statistics

EU share of Moldovan exports increased to 63% (January-July 2015), as shown by Figure 3 and Figure 4. However, as shown in Figure 1, this was rather due to *decrease* of exports rates to other countries (mainly CIS) and not to *increased* Moldovan exports to EU countries.

⁶ "Quo vadis Moldova: European integration, Eurasian integration or status quo?," Expert-Grup 2013

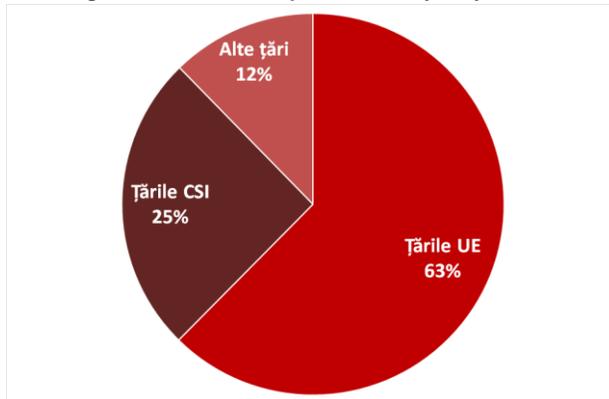
⁷ The maximum thresholds for certain agricultural products under which Moldova may export to the EU market under customs duty free regime.

Figure 3. Moldovan exports, January-July 2014



Source: National Bureau of Statistics

Figure 4. Moldovan exports, January-July 2015



Source: National Bureau of Statistics

In conclusion, although the EU market has softened, to some extent, the shock provoked by decrease of external demand on Moldovan exports, it is rather early to assess the impact of the Association Agreement with EU on foreign trade. First, the impact of the Agreement shall be visible with certain delay due to long and costly procedures on removing non-tariff barriers in the way of exports. Secondly, entry into force of the Agreement coincided with a period of economic, political and social distress for Moldova and for its eastern neighbours, which could undermine the economic benefits of trade liberalization with the EU in the next 2-3 years.

Monitoring political components

Police reform, crime prevention and combating organized crime

Monitored: 27 actions (19 – measurable, 8 – non-measurable), all - ongoing.

Key achievements:

- With reference to the police reform, several achievements have been identified on assessment of implementation of the Law no. 320 dated 27.12.2012 on Police, as follows⁸: implementation of new principles of activity for Ministry of Interior (MI) and the Police; modification of responsibilities of the Minister of Interior; restructuring the organization and functioning of MI and Police; functional separation between the MI and Police; demilitarization of MI; strengthening Police independence; increasing transparency of MI and Police, developing cooperation between Police, civil society and international bodies; increasing the level of trust in Police;
- Based on information provided by MI on its website, several events related to staff training have been organized during the first half of 2015, such as: communication workshops on the implementation of the Association Agreement⁹; tactical exercise the “Nordic Shield 2015”¹⁰; themed seminars “Combating drug trafficking – hash”¹¹ and “Fight against cross-border crime: application of best special investigative techniques”¹². Government Decision no. 381 dated 16.06.2015 amending and supplementing the tables and lists of narcotic drugs, psychotropic substances and their precursors subject to control is an example of regulatory intervention in this respect.
- With reference to prevention and combating of money laundering, certain measure to implement the National Strategy to prevent and combat money laundering and terrorist financing for the years 2013-2017 and the Action Plan for its implementation, have been taken¹³. This lead to initiate review of the Law no. 190 dated 26.07.07 on preventing and combating money laundering and terrorist financing.

Key challenges:

- Given that timeframe for implementation of the planned actions has not expired, it is early to assess any backlogs under this component.

Cooperation with the International Criminal Court

Monitored: 6 actions (5 – measurable, 1 – non-measurable), of which 2 – not implemented, 4 - ongoing.

Key achievements:

⁸ http://www.ipp.md/public/files/Evenimente/Raport_Legea_320_final_redactare_24-03_IP1.pdf, The Institute for Public Policy, Assessment of implementation of the Law on Police and its impact on police enforcement representatives from central and local level.

⁹ Activities organized for Heads of subdivisions of Ministry of Interior, Chiefs of district police inspectorates, press officers and representatives of subdivisions responsible for international relations from the subordinated institutions (starting 27.02.2015).

¹⁰ The event was attended by 50 Carabineers from the Department of Military Unit 1003 in cooperation with the Brigade no.1 of monitored infantry under Armed Forces and employees of Civil Protection and Emergencies Service (21.04.2015).

¹¹ The event was organized under cooperation and international technical assistance programs of the National Police in Spain (National Police Corps) for 2015 (26-28 May 2015).

¹² The event is part of the series of activities planned under the Eastern Partnership Police Cooperation Program (29 June -3 July 2015).

¹³ Policy documents approved by Law no.130 dated 06.06.2013.

- Given that the two measures have not been implemented and their due date has expired, no progress may be confirmed.

Key challenges:

- The following backlogs have been found: development of a feasibility study on the need to adjust national legislation to the Agreement on Privileges and Immunities of the International Criminal Court (ICC)¹⁴; development of the draft law amending the regulatory framework to ensure effective cooperation with the ICC¹⁵.

Justice reform

Monitored: 10 actions (8 – measurable, 2 – non-measurable), of which 4 - implemented (including 1 – before expiration of the set due date), 1 – not implemented, 5 actions - ongoing.

Key achievements:

- The justice reform has continued under the Justice Sector Reform Strategy for the years 2011-2016¹⁶ and the Action Plan for its implementation¹⁷. In 2014, 323 (69%) actions of the total 466 were implemented, 100 (21%) – partially implemented, 36 (8%) – not-implemented, 7 (2%) – found obsolete.¹⁸ There is an upward trend in the implementation process, whereas 56% of the actions were implemented in 2012 and 60% in 2013. During the first semester of 2015, certain achievements have been noticed, including in the context of the document monitored, as follows: development of certain draft laws, including the draft codes of ethics and conduct for judges and prosecutors¹⁹; elaboration of derived studies²⁰; launching of the official website of the Government Agent; piloting of certain e-Registries (e-Enforcement, e-Deductions); harnessing cooperation mechanisms with the EU institutions and EU Member States²¹. Implementation of the Law no. 178 of 25.07.2014 on disciplinary responsibility of judges, applicable as of 01.01.2015, is particularly noteworthy.

Key challenges:

- Several shortcomings in justice reform have been maintained at the beginning of 2015, and in the first half of 2015, such as: reform the National Institute of Justice (NIJ); effective functioning of the judicial police (transfer to the Ministry of Justice); construction of the building for the Palace of Justice; optimization of court map; research and monitoring on the impact of the amendments operated in 2012 to the procedural laws, and monitoring the impact of current regulations on enforcement of court judgements, including ECHR judgements; regulation numerous aspects

¹⁴ According to the Ministry of Justice, expert training was provided within the feasibility study with the support of UNDP Moldova. The study is ongoing.

¹⁵ According to the Ministry of Justice, the project is on initial phase of development.

¹⁶ Policy documents approved by Law no.231 dated 25.11.2011.

¹⁷ Policy documents approved by Parliament Decision no.6 dated 16.02.2012.

¹⁸ http://justice.gov.md/public/files/file/reforma_sectorul_justitiei/rapoarte/2015/Coperta_si_Raport_ROM.pdf, Annual report on the state of implementation of the Justice Sector Reform Strategy for the years 2011-2016 (Reporting period: January-December 2014).

¹⁹ A great deal of the projects aimed approximation of the national legal framework relevant to the sector to the European standards.

²⁰ A series of studies have been launched (debated in public) on the following: ethical standards under the code of ethics for attorney-at-law profession; professional liability insurance of bailiffs; criteria for accession to the profession of bailiff; ethical standards under the code of ethics of the bailiff; disciplinary liability for the profession of bailiff; fiscal taxation and tariffs related to professions in the justice sector; review of preventive services for children having troubles with the law; criteria for accession to the profession of legal experts; disciplinary liability for the profession of mediator; ethical standards set by the codes of ethics and professional conduct of authorized administrators

²¹ In this respect, the following are worthy to note: International Conference “Reform of the Prosecutor Office” (17.04.2015); International Conference “Reform of the National Integrity Commission” (24.04.2015); Discussion Workshop “Romanian experience in coordinating legislative approximation process” (06.05.2015); International conference “EU Court of Justice and its role in the EU’s institutional architecture” (05.06.2015); The meeting of the Moldova-EU Association Subcommittee on Justice, Freedom and Security (10.06.2015); Workshop “Enforcement of ECHR judgements on detention conditions” (25.06.2015)

related to occupations in the justice system (setting tariffs for services, professional liability insurance, tax liability, social security and health care arrangements); unique code of ethics for occupations in the justice sector²²; approval of the new law on mediation²³. Failure to approve the draft laws needed to implement the reform of the Prosecution²⁴ and the National Integrity Commission²⁵, constitute major drawbacks, including in the context of the document monitored.

Fighting corruption

Monitored: 19 actions (14 – measurable, 5 – non-measurable), of which 1 – implemented, 5 – not implemented, 13 - ongoing.

Key achievements:

- National Anticorruption Strategy for 2011-2015²⁶ and the Action Plan for the years 2014-2015 for its implementation²⁷ served as guidance on preventing and combating corruption. 56% of the actions have been implemented by the end of first quarter of 2015, 31% are ongoing, while 13% are outstanding.²⁸ It is important to note publication of the relevant information in this regard on the webpage of the National Anti-Corruption Centre (NAC). Among the developments, including in the context of the monitored document, the following should be mentioned: approval of Law no. 36 dated 09.04.2015 amending and supplementing certain legislative acts, designed to also implement the recommendations made by the Group of States against Corruption (GRECO) during the Third Evaluation Round; actions taken by NAC, the National Integrity Commission (NIC), Academy of Public Administration and the National Institute of Justice to provide training on anti-corruption; expanding institutional corruption risk assessment²⁹; steps to strengthen the partnership with civil society³⁰; ensuring the conformity assessment procedures with the UN Convention against corruption.

Key challenges:

- With reference to the National Anti-corruption Strategy for the years 2011-2015, there were 8 outstanding actions by the end of the first quarter of 2015, as follows: review of the joint filing mechanism for crimes; draft law amending and supplementing article 55 of the Criminal Code; draft law amending legislative acts on legal accountability of members of collegial decision-making bodies; preparation and publication of report on monitoring the implementation of Law no. 131 dated 08.06.2012 on State control over business activity; development and consolidation of databases of National Integrity Commission on subjects of declaration, collectors, pending cases in Prosecution, tax authorities and courts; implementation of an efficient mechanism for operational collaboration of the Ministry of Interior with the National Anticorruption Centre to prevent, detect

²² For the period monitored, the following remain in force: Code of Ethics for the profession of Judge, approved by Superior Council of Magistracy Decision no.366/15 dated 04.10.2011; Prosecutor's Ethics Code, approved by Superior Council of Prosecutors Decision no. 12-3d-228/11 dated 04.10.2011.

²³ The Parliament approved the draft law in the second reading on 03.07.2015.

²⁴ Relevant constitutional provisions have not been reviewed and the draft Law on Prosecutor's Office has not been approved.

²⁵ On 06.16.2015, the Government rejected the three draft laws designed to achieve this objective.

²⁶ Policy documents approved by Parliament Decision no.154 dated 21.07.2011.

²⁷ Policy documents approved by Parliament Decision no. 76 dated 16.05.2014.

²⁸ <http://cna.md/ro/rapoarte-monitorizare>, Monitoring report on the state of implementation of the National Anticorruption Strategy for 2011-2015 (January-March 2015).

²⁹ Except from press releases issued by the National Anticorruption Centre: the risk assessment of the Defence Ministry and the Agency for Consumer Protection has been completed; risk assessing of corruption in the Customs Service and the diplomatic missions and consular offices has been initiated.

³⁰ <http://cna.md/ro/evenimente/eforturi-anticoruptie-consolidate-prin-semnarea-unui-acord-colaborare-cna>, National Anticorruption Centre, State University "Alecu Russo" from Balti and Students' Senate under the State University in Balti, have signed an agreement on cooperation in preventing and combating plagiarism, protectionism and corruption in academia.

and punish corruption committed by employees of the Ministry; review of the Code of Conduct of the customs officer; review of the Framework Code of Ethics review / ethics of medical and pharmaceutical staff. Additionally, there are shortcomings in the drafting of internal regulations on whistle-blowers (Ministry of Education, Ministry of Environment). In the context of the monitored document, the following backlogs should be mentioned: development of standards of conduct and integrity applicable to law enforcement authorities³¹; developing and promoting a draft law on adjustment of National anti-corruption strategy for 2011-2015 to the new provisions of the national regulatory framework; amend the legislative framework with a view to correlate and delimitate the mandate of administrative sanctioning of the National Integrity Commission and the National Anticorruption Centre (NAC), and the prosecuting mandate of NAC from the one of the Ministry of Interior and Prosecutor General Office; identifying and implementation of regional partnerships and development of cooperation strategy on exchange of information concerning the revenues and property owned by subjects abroad; implementation of effective review mechanism of income statements, statements of interest and incompatibilities in the operation of the National Commission of Integrity.

Human rights and fundamental freedoms (including persons with disabilities, gender, minority, institutional reform, prevention of torture)

Monitored: 18 actions, of which 3 – implemented, 4 – not implemented, 11 - ongoing. 27 of the total actions planned for this area, 16 are measurable and 11 non-measurable.

Key achievements:

- NPAA provided amendment of the regulatory framework on Government Agent to introduce specific regulations on enforcement of ECHR judgments and decisions to be implemented throughout 2014. The Parliament approved the Law on Government Agent in the final reading on 30 July 2015. The Law establishes the status of the Government Agent, its duties as representative of Moldova to the European Court of Human Rights, responsibilities related to enforcement ECHR judgments and decisions, including responsibilities regarding implementation of the Convention on national level etc.
- Improvement of the legal framework on mediation, to provide better regulation of mediation and to allow specialization of mediators in specific areas. The Parliament has approved the new Law on Mediation, which establishes the following: status of mediator in family, civil and commercial, labour, administrative and consumer protection disputes etc., establishes forms of organization of mediators and registration requirements for mediation organizations, principles of conduct in mediation disputes and their effects; particularities of mediation in specific areas, as well as competence of state authorities on mediation.
- Implementation of measures to promote social inclusion and institutionalization of persons with disabilities. Approval of new quality standards for social services and new normative construction requirements to ensure access for people with disabilities in buildings.
- Several authorities and organizations (Ombudsman, Interethnic Relations Bureau, Council on preventing and combating discrimination and ensure equality, etc.) organized a series of activities with the purpose to promote human rights, eliminate discrimination and develop intercultural

³¹ For the period under review, instruments in force (Code of Ethics and Conduct for police officers, approved by Government Decision no. 481 dated 10.05.2006; Code of Conduct for employees of National Anticorruption Centre, approved by Government Decision no. 664 dated 30.08.2013; Code of Conduct of customs officers, approved by Government Decision no. 456 dated 27.07.2009) need to be aligned to the current provisions of the legislation, and in particular to the anti-corruption legal framework

dialogue and cultivate tolerance. Events were organized as thematic campaigns, debates, meetings, video clips and brochures addressed to public officials, law enforcement officers, as well as civil society, ethnic groups etc.

- In 2014 and 2015, complaints on torture have decreased, whereas the number of criminal cases filed in court under indictment has increased. These facts testify that prosecutors consolidated their investigation abilities on cases of torture and ill-treatment and became more responsive and better prepared to manage such cases.
- Approval of Regulation³² on identifying, recording and reporting alleged cases of torture, inhuman or degrading treatment to ensure effective investigation allegations of torture and ill-treatment in prisons. Under the Regulation, all subdivisions of the penitentiary system appointed persons responsible to record and submit to prosecutor all the complaints on alleged torture, inhuman or degrading treatment.
- Commencement of mental health service reform in Moldova. The following measures should be mentioned: reorganise community mental health services by integrating psychiatric cabinets in community mental health centres; the development of alternative services for disabled people to avoid hospitalization.

Key challenges:

- Expiration of timeframe for implementing the National Human Rights Action Plan (NHRP) 2011-2014 and failure to develop a new draft action plan for the next period. A new human rights plan is required especially due to numerous NHRP actions that have not been implemented or partially implemented and to strengthen respect for human rights, especially in case of more vulnerable groups.
- Delay of Ombudsman reform. The new Ombudsman Law entered into force in 2014, but the Parliament has not approved the Regulation on organization and functioning of Ombudsman. In addition, the legal framework, about 40 legislative acts and government decisions, has not been adjusted to the provisions of the Ombudsman Law.
- The Parliament has not appointed a new Child Protection Ombudsman. The Constitutional Court qualified appointment of the previous Ombudsman as unconstitutional because it did not meet all the eligibility criteria, namely the condition of having notorious activity in the area of protection and promotion of human rights.
- The National Preventive Mechanism against Torture, established under the Optional Protocol to the Convention against torture and other punishments or cruel, inhuman or degrading treatment is not operational due to shortcomings in the Ombudsman reforms.

Human trafficking

Monitored: 4 actions (2 – measurable, 2 – non-measurable), of which 0 – implemented, 1 – non-implemented, 3 – ongoing.

Key achievements:

- No progress achieve, as the four measures planned, have not been implemented in due time.

³² <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=353245>

Key challenges:

- Moldova continues to be a source country for men, women and children subject to trafficking and forced labour. Despite considerable efforts in recent years, Moldovan Government fails to comply fully with the standards on eliminating trafficking³³. Trafficking victims do not always have access to sufficient resources and services, including legal and psychological assistance; while trafficking criminals are not held liable.

Audiovisual and media policy

Monitored: 14 actions, of which 7 – implemented, 2 – not implemented, 5 – ongoing. Of the 39 actions planned for this area, 28 are measurable and 11 – non-measurable.

Key achievements:

- As required under NPAA, Coordinating Council of Audiovisual (CCA) has developed two policy documents on electoral coverage by broadcasting agencies in Moldova. One covers the parliamentary elections of 30 November 2014, and the other – the general local elections as of 14 June 2015.
- Approval of amendments to the broadcasters Code of conduct on gender issues (December 2014). The new provisions require broadcasters to ensure balanced representation of both women and men in their programs, including their opinion and participation as opinion leaders. In addition, broadcasters must continue to promote the role of both women and men without stereotypes, to avoid sexist images and advertising, language and content that might lead to discrimination based on sex or likely to incite gender hatred and violence.
- CCA approved a decision based on which TV stations under Moldovan jurisdiction are required to provide prime time synchronous sign language interpretation of at least one daily newscast. This shall improve access of persons with hearing impairments to TV shows.
- In the field of culture, the Parliament approved the Law 60/2015 on ratification of the Agreement between Moldova and EU on Moldovan participation in “Creative Europe” programme: on cultural and creative sectors, and on cooperation between Moldova and EU in the sub-program “Media” under “Creative Europe”. Under this agreement, Moldova becomes eligible to access annually until 2020 funding for cultural projects in the cultural and creative sectors of the sub-program “Culture” and certain activities of sub-program “Media” of the EU “Creative Europe”. In August 2015, a grant competition for Moldovan organizations was launched.

Key challenges:

- The measures set out in NPAA on media cooperation are not sufficient to address priorities established under the Association Agreement. It is therefore recommendable to adjust the implementation measures to ensure achievement of goals and priorities under EU-Moldova Association Agreement.
- Drafting and approval of proposals on amending and supplementing the Broadcasting Code in order to align the legislation with Directive 2010/13/EC on the coordination of certain provisions laid

³³ According to the US State Department Report, 2014, http://www.state.gov/j/tip/rls/tiprpt/2014/?utm_source=NEW+RESOURCE%3A+Trafficking+in+Persons+Report+2014&utm_campaign=2014.07.16+NEW+RESOURCE%3A+Trafficking+in+Persons+Report+2014+&utm_medium=email

down by law, regulations or administrative documents action in Member States concerning the provision of audiovisual media services, has not been initiated.

Rights of the Child

Monitored: 26 actions, of which 2 – implemented, 3 – not implemented, 21 – ongoing. Of the 39 actions planned for this area, 14 are measurable and 25 – non-measurable.

Key achievements:

- Central Probation Office has developed and applied Probation programs for children and a Performance evaluation methodology on juvenile probation officers.
- Three quality services standards for public defenders that provide legal assistance to children in conflict with the law, child victims and witnesses of crimes have been passed in order to improve the quality of legal services provided by public defenders in cases involving children. In addition, a Regulation on monitoring and quality assessment of qualified legal assistance guaranteed by the state has been approved; however, it has not been put into effect so far.
- In 2014-2015, the National Institute of Justice organized an optional training for judges and prosecutors on “Justice for Children”.

Key challenges:

- National Council for Child Protection (NCCRP) has not organized any session of meetings throughout 2015. Thus, a series of actions under the responsibility of NCCRP failed implementation. To revive its activity, NCCRP must change its membership, which is currently non-operational. In addition, NCCRP should be reinstated under the responsibility of the new deputy prime minister on social issues.
- Child Protection Ombudsman is still vacant. The Constitutional Court qualified appointment of the previous Ombudsman as unconstitutional because it did not meet all the eligibility criteria, namely the condition of having notorious experience in the area of protection and promotion of child rights. Both the parliamentary opposition and civil society on child rights, have criticized this appointment, arguing it was rather a political designation.
- Delay of development and approval of a series of legislative and normative acts on child protection. In particular, these concern the following: legal framework on investigation and resolution of cases concerning children in conflict with the law under the age of criminal liability; action plan for implementing Development program on inclusive education in Moldova for 2011-2020; action plan for implementing the first phase of the National Strategy on child protection for 2014-2020 etc.

Recommendations:

- Urgent revival of NCCRP;
- Appointment of Child Protection Ombudsman based on competence.

Migration and asylum

Monitored: 26 actions, of which 6 – implemented, 5 – not implemented, 15 – ongoing. Of the 38 actions planned for this area, 22 are measurable and non-measurable 16.

Key achievements:

- Approval of the third edition of the Report on Moldova’s Extended Migration Profile for the years 2008-2013. Department of Migration under the Ministry of Interior drafted the report in close collaboration with the Inter-institutional Technical Working Group (Ministry of Informational Technologies and Communication, Ministry of Interior, National Bureau of Statistics, Ministry of Foreign Affairs and

European Integration, Ministry of Labour, Social Protection and Family, Ministry of Health, Ministry of Education).

- Development of methodologies and guidelines to improve asylum procedures related to the following: research of information in countries of origin of asylum seekers, examination of asylum files, including of unaccompanied minors, risk assessment on migration and asylum;
- Continuation to adjust the national regulatory framework on prevention of illegal migration to the EU standards. The Ministry of Interior has approved two internal guidelines on combating illegal stay of foreigners and approved two draft Government Decisions amending the Regulation of the Centre for Temporary Placement of Foreigners and the rules concerning return, deportation and readmission of foreigners.
- Implementation of a new one-stop-shop concept on documentation of foreigners and re-opening of modernized one-stop-shop within the headquarters of the Department of Migration, from Chisinau municipality.
- The National Institute of Justice organized trainings for judges and prosecutors on migration and asylum.

Key challenges:

- Delay to approximate the international and European standards to national asylum procedures. In particular, the Parliament has not approximated the Law no. 270-XVI dated 18 December 2008 on asylum in Moldova.
- Failure to draft the inter-institutional agreement for effective implementation of legal framework on integration of foreigners.
- Delay to approve new templates of travelling documents for refugees and beneficiaries of humanitarian protection.

Recommendations:

- Approximation of Law no. 270-XVI dated 18 December 2008 on asylum in Moldova to the EU legislation and best practices.
- It is necessary to speed up approval / release of a new type of travel documentation for refugees and beneficiaries of humanitarian protection.

Cooperation with civil society

Monitored: 10 actions, of which 2 – implemented, 0 – not implemented, 8 - ongoing. Of the 10 actions planned for this area, 2 are measurable and 8 – non-measurable.

Key achievements:

- Ministry of Youth and Sports (MYS) in close collaboration with civil society undertook a series of measures for proper implementation of the Law on volunteering, such as: awarding the status of host institution to volunteering; development of curricula for training volunteer coordinators, development of draft Volunteers Code of Ethics.
- Increase the number of Ministries undertaking platform “particip.gov.md” on their websites, thus, promoting and facilitating participation of civil society in decision-making. This innovative mechanism planned to be achieved by the end of 2014, was initiated in 2012.

Key challenges:

- No backlogs identified, however formalism increasingly affects cooperation between Government and civil society.
- Currently, there is no specific public authority responsible for development of volunteering designated under an official document, which hinders execution of the Law on volunteering.

- Delay to approve the draft Government Decision on reimbursement of expenses born by volunteers in relation to volunteering activities, developed by Ministry of Youth and Sports with the support of civil society.

Political dialogue and reform

Monitored: 23 actions (12 – measurable, 11 - non-measurable), all - ongoing.

Key achievements:

Strengthening cooperation and dialogue between the parties with respect to international security. Moldovan Minister of Foreign Affairs and European Integration stressed before the main international forums, particularly the UN General Assembly, that Moldova contributes to overcome challenges, promotion of peace and stability in Europe by implementing concrete measures to support UN, EU and NATO. Thus, Moldova contributed with 41 soldiers in the KFOR mission in Kosovo, led by NATO under the authority of the UN Security Council³⁴. At the twenty-first meeting of the OSCE Ministerial Council, on 4-5 December 2014, in Basel, Moldovan Minister of Foreign Affairs and European Integration pointed out Moldova's position on strengthening European security³⁵:

- **The crisis of the European security system** has been caused by the promotion of national interests to the detriment of international principles and rules stipulated under the Helsinki Final Act and other fundamental documents. Moldova supports the need for substantial progress in the dialogue within “Helsinki + 40”, focused on strengthening the role of OSCE.
- **Resolution of crisis in the eastern regions of Ukraine** should take place with the support of OSCE, to avoid a new frozen conflict in the region. Politicians must provide a viable solution based on the principles of sovereignty and territorial integrity of Ukraine within its internationally recognized borders.
- **Settlement of Transnistrian conflict** under a comprehensive political solution based on sovereignty and territorial integrity of Moldova, identifying a special status for Transnistria. It is necessary to overcome deadlocks in the 5 + 2 negotiation format.
- **Completion of Russian military withdrawal from the eastern regions of Moldova** in accordance with international commitments.

Internal reform

Monitored: 39 actions (18 – measurable, 21 – non-measurable), all - ongoing.

Key achievements:

Approval of draft Law on financing political parties and electoral campaigns. On 9 April 2015, the Parliament approved the Law No. 36³⁶ and the Law no. 61³⁷ to amend the Election Code and other five codes and laws on elections and electoral subjects: Criminal Code, Code of Contraventions, Broadcasting Code, Law on Court of Auditors and Law on Political Parties. The main amendments cover larger responsibilities of Central Election Commission (CEC) and financing of electoral candidates. Expanding the powers of the

³⁴ Speech of Minister of Foreign Affairs and European Integration of the Republic of Moldova, within the 69th session of the UN General Assembly, on 25 September 2015, http://www.un.org/en/ga/69/meetings/gadebate/pdf/MD_en.pdf

³⁵ <http://www.mfa.gov.md/discursuri-si-alocutiuni/499684/>

³⁶ <http://lex.justice.md/md/358046/>

³⁷ <http://lex.justice.md/md/358050/>

CEC was required to ensure rigorous control on the origin of financial resources of political parties and financing of electoral campaigns.

Chapter IV of the Electoral Code was amended to include changes related to campaign financing, which previously referred only to material support for electoral campaigns. The main amendments concern:

- Improvement of reporting on electoral campaign expenses. Procedure on reporting before CEC on issues related to campaign funding by candidates has been regulated in detail (Article 38²);
- Financing of political parties and electoral campaigns only by resources obtained from *“employment, entrepreneurial, scientific or creative activity in Moldova”* (art. 38 para. (1)). *It is prohibited to provide “funding or material support in any form, direct and / or indirect of political parties, electoral campaigns / electoral candidates by ... Moldovan citizens whose revenue has been obtained abroad”* (Article 38 para. (3), letter c);
- Capping donations from individuals and businesses to the “Electoral Fund”. Donations from individuals and businesses shall not exceed *“200 and 400 average monthly salaries on the economy for the respective year”* (art. 38, para. (2), letter e);
- Permission to collect financial resources in cash (art. 38, para. (3) letter h). Prohibition for businesses to make donations in cash, having the right only to *“transfer the money on the account “Electoral Fund”. The transfer must enclose a statement on the absence of public, foreign or mixed share capital and a declaration on oath regarding the absence of any legal restrictions”*;
- Financial support offered to political parties from the state budget. *“Political parties are entitled to receive annual funding from the state budget through CEC, under a Regulation approved by the latter. The amount for this purpose shall be approved under the Annual Budget Law. The percentage share shall not exceed 0.2% of the state budget revenues, excluding revenues with special destination as provided under the Law. Funding shall be distributed as follows: a) 50% - to political parties proportionally to their performance in parliamentary elections; b) 50% - to political parties proportionally to their performance in local elections”* (Article 27 of the Law on Political Parties).

Key challenges:

Amendments operated to the Law on financing electoral campaigns and political parties from the state budget entail the following negative aspects:

- Prohibition to use funds legally obtained under employment abroad may affect the legitimate interests of more than half a million Moldovans (~20% of citizens with voting rights) working abroad, will not be able to use their resources earned from lawful activity to finance their own election campaign as independents candidate for parliamentary elections, mayor or local councillor. According to reports by domestic election observers, wealthy political parties with Parliamentary seats commit the most serious violations, and not the individual citizens who work abroad;
- The limit established for donations from individuals and businesses in the “Electoral Fund” is excessively high. It is important to note that thresholds of donations were increased by 10 times compared to the limits set in the draft law. Given that in 2015, the average salary on economy is about MDL 2.500, we may conclude that changes in electoral laws allow individuals to support election campaigns with financial amounts up to half a million lei (~ USD 25.000), and entities - up to one million lei (~ USD 50.000). In countries with advanced democracies, capping is also fairly accurate. The amount of donations to political parties and electoral campaigns are established based on the average salary. However, donations are usually proportionate with the average salary,

exceeding it only a few times, but certainly not 200 times, as in the case of Moldova. We may conclude that the amendments approved by the Parliament were meant to justify the existing practice reflected in the financial reports of candidates, indicating that dozens of party supporters earn annual salaries of MDL ~ 20 thousand, which, during election campaign donate to political parties amounts exceeding 10 times the annual salary;

- Permission to collect financial resources in cash (art. 38 para. (3) letter h) may lead to new confusion. Only individuals are entitled to make donations in cash, but the law fails to provide any directions on how political parties may use donations in cash. Under the law, donations in cash may not be used for electoral campaign, unless they are transferred to the party's bank account and subsequently on the "Electoral Fund" account: *"All expenses for electoral campaign shall be covered from funds that are on the account "Electoral Fund" (Article 38 para. (4)), and the "candidate who fails to open a bank account "Electoral Fund"... is entitled to conduct campaign activities or electoral promotion that does not involve financial expenditures"* (Art. 38 para. (2) letter c)). The emergent conclusion is that cash donations to political parties must be deposited on the account "Electoral Fund", however one may not guarantee that the parties will comply with this rule, especially given that donations in cash are not subject to capping, and according to election observers – political parties prefer to operate with cash;
- Although the reform on financing granted to political parties from the state budget, first initiated in December 2007 and postponed, is necessary, its implementation started under rather inappropriate circumstances. In 2015, Moldova entered an economic, financial, banking and political crisis due to corruption scandals involving parliamentary parties, whose level of trust is currently of about 10%. Thus, granting financial support in amount of 0.2% from the state budget to political parties with compromised image, while Moldova is undergoing economic recession due to inadequate activity of political parties, is unlikely for citizens to approve.

The drawbacks mentioned above must be removed. Granting financial support to political parties from the state budget should be reinforced after Moldova overcomes the recession and economic crisis. Also, criteria on granting financial support to political parties from the state budget should be revised.

- Failure to develop a draft law to amend Moldovan Constitution in respect of composition and criteria for selecting judges to the Constitutional Court. Moldovan authorities have not informed the public opinion about any actions taken for development and approval of a draft law to amend the Constitution in terms of membership and criteria for selecting judges to the Constitutional Court. Public discussions on this issue have started as a result of a call³⁸ from a group of civic organizations on the following: public testing for appointment of judges to the Constitutional Court; fair and transparent procedures on testing candidates, submission of files by candidates, public hearing of candidates, appointment of selected judges based on a decision stating the reasons for selection the respective candidate and publication of this decision.
- Civic organizations called for amendments to the Law on the Constitutional Court, in order to introduce mandatory requirement for public and fair competition for selection judges to the Constitutional Court, as an interim solution, until the amendment of the Constitution. Civic organizations based their initiative regarding Constitutional Court reform on the provisions of NPAA 2014 and Justice Sector Reform Strategy³⁹ (JSRS) for 2011-2016, which provided important measures to reform the Constitutional Court. Organization of public testing for the position of judge in the Constitution Court requires, in fact, the will of the authorities. However, the Ministry of Justice responded⁴⁰ to the call filed by the civic organizations on behalf of the public authorities concerned, which cited the need to amend Article 20 of the Law on the Constitutional Court and other laws. This problem is of major importance, since de-politicization of law enforcement and regulatory

³⁸ <http://crjm.org/wp-content/uploads/2014/10/2014-10-02-apel-alegere-judecator-CC-de-Guvern.pdf>

³⁹ <http://www.justice.gov.md/map.php?l=ro&idc=420>

⁴⁰ <http://crjm.org/wp-content/uploads/2014/10/Raspuns-MJ.pdf>

authorities may be achieved only through the procedures mentioned in the appeal of civic organizations.

- Failure to develop a draft law to amend the Moldovan Constitution in respect of the initial term and the selection of judges to the Supreme Court of Justice and to clarify the role of the Superior Council of Magistrates in the administration of the judiciary, as well as its membership and responsibilities, and the draft laws to amend the legislation necessary to implement amendments operated to the Moldovan Constitution.

Foreign and Security Policy

Monitored: 8 actions, (5 – measurable, 3 – non-measurable), all - ongoing.

Key achievements:

- Development of a draft law on Moldova's participation in international missions. The draft aims to ensure fulfilment of Moldova's commitments under the UN Charter, treaties with the European Union, other international organizations and foreign countries contributing to peace, international security and stability, rule of law, human rights and fundamental freedoms, development and proper functioning of states;
- The Council of the EU decided to launch negotiations with Moldova on the Agreement concerning security procedures for exchanging classified information. Moldova undertook responsibilities on the exchange of classified information under the Individual Partnership Action Plan (IPAP) Republic of Moldova – NATO for 2014-2016⁴¹, approved by Government Decision no. 641 on 30 July 2014.

Key challenges:

Failure to implement actions to creating the regulatory framework on international restrictive measures. Authorities have not issued any report.

Conflict prevention and crisis management

Monitored: 9 actions, (7 – measurable, 2 – non-measurable), all - ongoing.

Key achievements:

- Development of draft Law on the National Intelligence Service⁴². The National Intelligence Service shall become an autonomous public authority specializing in national security. The service shall be responsible to organize and execute activities for collection, verification, assessment, preservation and exploitation of knowledge; prevent and counteract any actions that constitute or may constitute risks and threats to national security. Based on the Draft Law, the National Intelligence Service will be coordinated by the Moldovan President and subject to parliamentary scrutiny;
- Development of the draft law on information security concept of Moldova⁴³. The Concept is needed to protect information interests of individuals, society and the state, severity and multitude of threats to information security in modern society, the need to maintain a balance between the interests of individuals, society and the state to ensure information security. The information security concept of Moldova is an integrated system of views on the goals, tasks, principles and basic directions to ensure the required level of information security and information protection in Moldova);

⁴¹ http://www.mfa.gov.md/img/docs/2014-2016_ipap_ro.pdf

⁴² <http://www.sis.md/ro/transparenta-decizionala/proiectul-legii-privind-serviciul-national-informatii-al-republicii-moldova>

⁴³ http://www.sis.md/sites/default/files/transparenta/legea_privind_aprobarea_conceptiei_si_rm.pdf

- Development of draft Law on foreign counterintelligence and informative activities⁴⁴. Upon development of draft Law, European Court of Human Rights decisions on relevant cases have been consulted and implemented, the synthesis of which may be found in theory.
- Development of draft Moldovan Military Strategy⁴⁵. The draft has been developed in consideration of a new National security strategy and implementation of the first phase of Defence Capability Building (DCB) package, which provides assistance in developing the National Defence Strategy, risk assessment and military dangers to national security⁴⁶;
- Commencement to review and drafting *the Law on republishing Law no. 345-XV dated 25 July 2003 on national defence*. The current system of national defence has been adjusted, to include new provisions on national defence planning. The project aims at defining and institutionalizing national defence system by creating an integrated mechanism for planning national defence, strengthening management capacity of national security and defence under crisis and reviewing membership, duties and responsibilities of authorities in the national defence and security system.

Regional stability

Monitored: 13 actions, (0 – measurable, 13 – non-measurable), all - ongoing.

Key achievements:

- Dialogue with Tiraspol representatives and international partners involved in the Transnistrian conflict settlement (the “5 + 2” - OSCE, Russian Federation, Ukraine, EU and USA) ended with the signing of two protocol decisions between Chisinau and Tiraspol:
 - principles of fully resumption of freight train traffic through Transnistrian (14 March 2015);
 - Cooperation mechanism between vehicle insurance agencies on both banks of the river Nistru (10 April 2015);
- Under “Substantiation note from behalf of Moldova’s development partners”⁴⁷, Moldova’s development partners expressed their short and medium term vision on Transnistrian settlement.
- In an effort to strengthen cooperation with EU, Council of Europe and other external partners, within the “*Measures to build confidence between the two banks of river Nistru*”, the Bureau for Reintegration participated in the selection of 10 projects organized by civic organizations for confidence building between the two sides, through the development of social infrastructure financed by EU and UNDP. Confidence building headlined several conferences, seminars and meetings organized under the aegis of EU, Council of Europe and OSCE.
- Creating proper conditions for trade development between economic operators on both sides of Nistru, ensured the following:
 - Total import to Transnistria constituted USD 1.634 million, of which imports declared to Moldovan customs – USD 171.5 million, imports by Transnistrian segment of the Moldovan-Ukrainian border – USD 837.8 million; natural gas imports – USD 626.5 million.

⁴⁴ <http://www.sis.md/ro/transparenta-decizionala/nota-informativa-proiectul-legii-privind-activitatea-contrainformativa-si>

⁴⁵ http://www.army.md/inf/Strategia%20militara%20a%20RM%2020%2012%202013_2160.pdf

⁴⁶ http://www.particip.gov.md/public/documente/133/anexe/ro_1318_SM-a-RM-slide-si-text-si-pdf.pdf

⁴⁷ <http://infoeuropa.md/files/note-informative-din-partea-partenerilor-de-dezvoltare-ai-moldovei.pdf> , page 38

- In 2014, trade between the two sides, constituted USD 104,017,700. Sale of Transnistrian goods on the right bank of Nistru constituted USD 63.37 million and backwards - USD 40.667 million. In 2015, Transnistrian trade has developed in the same manner as in 2014, the proportions therein being affected by the Ukrainian crisis.
 - Autonomous trade preferences regime with EU for the Transnistrian region was extended until 31 December 2015.
- In 2014, Moldova’s customs authorities have issued 1981 certificates of origin for goods for Transnistrian exporters to the European market under the autonomous trade preferences extended to Transnistria by 31 December 2015.
- During its 23rd meeting as of 9 October 2014, EUBAM Advisory Board discussed on the reports relating border security, border demarcation and passenger flows, including upon resumption of freight trains through Transnistria.

Weapons of mass destruction

Monitored: 10 actions (2 – measurable, 8 – non-measurable), all - ongoing.

Key achievements:

- Moldova continued implementation of commitments relating to preventing and combating the proliferation of weapons of mass destruction. In the first half of 2015, representatives of the General Staff of the National Army participated in a series of events dedicated to EU initiative relating to Centres of Excellence to reduce the dangers caused by substances and chemical, bacteriological, radiological and nuclear materials; trainings on “Awareness on CBRN risks mitigation”; training for CBRN analysis program operators; National Army’s role under national CBRN crisis and identify new assistance programs for the National Army’s NBC defence subunits”; development of the draft National CBRN Strategy and analysis of foreign assistance projects in the field of CBRN for Moldova.

Small-calibre and lightweight weapons. Surveillance of conventional weapon export

Monitored: 12 actions, (7 – measurable, 5 – non-measurable), all - ongoing.

Key achievements:

- The Government passed Decision no. 293 dated 23.04.2014, under which approved the Regulation on the regime of weapons and ammunition with civil destination⁴⁸.
- In 2015, access to portal iARMS (*The INTERPOL Illicit Arms Records and tracing Management System*) of the International Criminal Police Organization (ICPO) has been granted, to exchange information and ensure investigational cooperation between law enforcement authorities on international illicit circulation of firearms and illicit weapons that were used in crimes. Access is made through secured channel connection, available to Police Cooperation Centre of the General Inspectorate of Police Affairs under the Ministry of Interior.
- On 28 May 2015, the Parliament has ratified the Arms Trade Treaty, approved by the UN General Assembly in New York, on 2 April 2013. Thus, Moldova shall undertake the following:

⁴⁸ <http://lex.justice.md/md/352736/>

- Establish and maintain effective national surveillance on export, import, transit and intermediate activities of eight categories of weapons and ammunition.
- Keep track on export permits for conventional arms available for 10 years, and submit annual reports in this respect⁴⁹.

International cooperation in the fight against terrorism

Monitored: 17 actions (3 – measurable, 14 – non-measurable), all - ongoing.

Key achievements:

- Upon adjusting the legislative framework to define terrorism in accordance with best European and international practice, Ministry of Defence in cooperation with the Anti-terrorist Centre of the Moldovan Intelligence Services, has developed and approved *the National nomenclature on main critical objectives*, which also includes objectives under the responsibility of Ministry of Defence. Under this Nomenclature, Ministry of Defence has developed and approved anti-terrorism passports in order to ensure effective implementation of safeguards against terrorism.

Preventing and combating organized crime, corruption and other illegal activities

Monitored: 17 actions (3 – measurable, 14 – non-measurable), all - ongoing.

Key achievements:

- Moldova signed the Agreement on Operational and Strategic Cooperation with Europol. Following the signing of this Agreement, Moldova became part of the European Community Police fighting terrorism and organized crime worldwide⁵⁰. Ministry of Foreign Affairs shall be granted expanded access to Europol databases; closer collaboration between the staff of the two authorities; expanded and full access to information collected by Europol and will contribute with information in turn; joint specific operations to combat organized crime, human trafficking, counterfeit goods, cigarettes and alcohol, combat international organized crime, cybercrime, trafficking of dangerous substances.
- Moldovan Police will assist European colleagues on specific Eastern Europe areas, such as fighting with the so-called “thieves in law”.

Judicial cooperation

Monitored: 3 actions (1 – measurable, 2 – non-measurable), all - ongoing.

Key achievements:

- On 10 July 2014, Moldova signed the Cooperation Agreement with Eurojust⁵¹. The Cooperation Agreement provides for closer cooperation and covers:
 - Exchange of operational information, including personal data, in accordance with Eurojust data protection rules;

⁴⁹ <http://parlament.md/ProcesulLegislativ/Proiectedeactelegislative/tabid/61/LegislativId/2666/language/en-US/Default.aspx>

⁵⁰ http://www.realitatea.md/acord-de-colaborare-mai-europol-cum-vor-contribui-poli-i-tii-moldoveni-la-asigurarea-pacii-in-europa_13388.html

⁵¹ EUROJUST is an agency of the European Union that coordinates the activity of Member States competent authorities dealing with judicial co-operation in serious criminal matters.

- Possibility for Moldova to deploy liaison Prosecutor to Eurojust and for Eurojust to delegate a liaison magistrate to Moldova;
- Participation of Moldova in projects organized by Member States, which have received funding from the European Commission;
- Cooperation with third party countries as essential possibility to combat cross-border organized crime and terrorism⁵².

⁵² <http://infoeuropa.md/judiciar/eurojust-si-republica-moldova-au-semnat-un-acord-de-cooperare/>

Monitoring economic components

Company law, accounting and auditing and corporate governance

Of the total actions planned to be implemented within the period under review: 2 - ongoing, 1 - missing information.

Key achievements:

- Approximation of the national legislation on enterprises (Law no.106 dated 05.28.2015) with the European legislation: (1) Directive 77/91/EEC on formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent, (2) Directive 78/855/EEC concerning mergers of public limited liability companies, (3) Directive 82/891/EEC concerning the division of public limited liability companies, (4) Directive 89/666/EEC concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another state.
- Submission for public consultation of the Regulation on selection of audit firms and terms of reference for auditing annual financial statements of state enterprises and joint stock companies in which the state share exceeds 50% of the share capital.
- Commencement of the monitoring on the Insolvency Law no.149 dated 29.06.2012 to identify law enforcement weaknesses.
- Launching the project “Strengthening the capacity of National Bank in banking regulation and supervision in the context of EU requirements” (EUR 1.2 million). This requires strengthening the rules on the prudential banking supervision and increasing institutional and administrative capacity of the NBM in ensuring proper operation of the banking system.
- Approval of the Action Plan on implementing the Small and Medium Enterprise Sector Development Strategy for 2015-2017, which includes objectives, such as: reduction of administrative barriers and costs, development of innovative financing schemes, attracting long-term loans, developing and promoting entrepreneurial education and culture, promoting intellectual property to facilitate access to domestic and foreign markets, fostering balanced and SMEs sustainable development etc. In addition, the Action Plan provides for actions to promote entrepreneurship among women and ensure their access to financial resources needed to carry out entrepreneurial activity.

Key challenges:

- Inability of the state institutions, particularly the NBM, to anticipate and solve problems in the banking system, which led to the devaluation of three banks – Banca de Economii, Social Bank and Unibank (BEM, BS, UB), whose assets constitute about 35% of the assets of the entire Moldovan banking system. Causes of banking crisis include as follows⁵³: (i) BEM maladministration in the pre-crisis period; (ii) obscure changes in shareholder structure of BEM, BS and UB; (iii) failure to follow corporate governance principles within BEM, BS and UB; (iv) financial engineering and artificial increase of lending capacity of BEM, BS and UB; and (v) delayed and inadequate reaction from behalf of the NBM and other relevant authorities.

⁵³ Expert-Grup, State of the Country Report, 10 July 2015, <http://expert-grup.org/ro/biblioteca/item/1145-rst-2015&category=7>

Consumer protection

Of the total amount of measures planned for the monitored under review: 2 – ongoing, 3 - missing information.

Major Key achievements:

- Commencement to approximate national legislation to the European laws: 1) Directive 98/6/EC on consumer protection in the indication of the prices of products offered to consumers, 2) Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market, 3) Directive 2001/95/ EC on general product safety, 4) Directive 93/13/EEC on unfair terms in consumer contracts, 5) Directive 2002/65/EC concerning the distance marketing of consumer financial services 6) Directive 2008/48/ EC on credit agreements for consumers.
- Amendment of the Regulation on Consumer Protection Agency (CPA), to extend CPA's responsibilities, particularly with regard to petitioning (Government Decision no.895 dated 27 October 2014).
- Approval of 5 monitoring sectoral planning methodologies for a series of inspection authorities responsible for market surveillance: (1) Consumer Protection Agency; (2) Principal State Inspectorate for Technical Supervising of Dangerous Industrial Objects; (3) State Energy Inspectorate; (4) State Construction Inspection; (5) State Ecological Inspectorate.
- Public awareness activities: (i) the Consumer Protection Agency organized 60 visits to offer numerous consultations to consumers' representatives; (ii) seven information campaigns, thirteen roundtables etc.
- State inspections on economic operators who place products on the market or provide services: 1944 planned and unannounced inspections. The following were among the main sanctions applied: prescriptions to remove non-compliance and temporary suspension of activity. In addition, the Consumer Protection Agency resolved 1224 complaints and provided legal assistance to consumers (439 participations in court).
- Reducing number of state inspections and increasing usage of counselling tools.

Key challenges:

- Economic operators delivering products or services to consumers display non-complying behaviour. Following inspections, the Consumer Protection Agency found 70% of cases non-compliant with relevant consumer protection legislation. Most non-compliances related to: (i) improper product marking (in the state language); (ii) failure to issue cash receipt / payment bill; (iii) failure to display visual information; (iv) failure to register complaints; (v) lack of conformity certificates etc.
- Economic operators usually refuse the access of the Consumer Protection Agency for inspection purposes. The Consumer Protection Agency usually performs planned inspections, disfavours unannounced inspections (about 10%).

Agriculture and rural development

Of the total actions planned for the period under review: 5 – implemented, 7 – ongoing, 2 – in delay, 2 – missing information.

Key achievements:

- Concluding the final draft for the amendment of the Law no. 66-XVI dated 27 March 2008 on protection of the Geographical Indications (GIs), the Appellations of Origin (AO) and the Traditional Specialties Guaranteed, to transpose EU Regulation no.1151/2012 on quality schemes for agricultural products and foodstuffs.

- Approval of the Technical Regulation concerning “The organization of the wine market”, providing registration requirements for economic entities manufacturing GIs and AO, specifications of “GIs” and “PDO” and the quality system of GIs and PDO products (Government Decision no. 356 dated 11 June 2015).
- Approval of the Regulation on distribution of fund subsidy to farmers for 2015 (MDL 610 million), also covering targeted measures to implement the priorities under National Strategy for Agricultural and Rural Development of the Republic of Moldova for the years 2014-2020 (Government Decision no. 352 dated 10 June 2015).
- Approval of a draft law on ratification of Financing Agreement between Moldovan Government and the European Commission on implementation ENPARD Moldova - Support for Agriculture and Rural Development (EUR 64 million). Conducting public consultations on ENPARD objectives with civil society from North, South and Centre regions of the country.
- Additional financing agreement between Moldova and International Development Association in order to implement the “competitive agriculture” project (USD 12 million).
- Assisting Moldovan agricultural sector through the Grant System of Agency for Payments and Intervention in Agriculture (AIPA), under the Program for sectoral policies of the European Commission “Economic Stimulation in Rural Areas”. The agriculture subsidy fund was supplemented with MDL 110.700 from the grant awarded under ENPARD.
- Presentation of the Agricultural Digital Record (ADR) concept, which provides for agricultural information resource consolidation and streamlining performance in this field by documenting and ensuring monitoring of industries, infrastructure and agro resources. ADR shall facilitate provision of online public services to farmers: online access to electronic forms and online processing of applications, access to files of economic operators, approval and granting of permits (by the National Food Safety Agency) etc.
- Establishment of the Information System “Registry of Moldovan Wine”.
- Approval of the National Strategy for Agricultural and Rural Development for 2014-2020 and the Action Plan for its implementation (June 2014).
- Consultation of the e-Agriculture Strategy which sets the objectives for the Electronic Transformation of the agro-industrial sector, providing unified vision on the modernization of public services provided to citizens and improvement of efficiency of Ministry of Agriculture and Food Industry (MAFI), National Food Safety Agency (NFSA) and subordinated institutions, using solutions and communication technologies (ICT). The Strategy lays the foundations of a holistic approach on smart investments in ICT and enhances decision-making capacity in the agribusiness sector.
- Development of the project “Modernization of local public services”, implemented by GIZ with participation of the local public authorities of level II and I (budget – MDL 23.8 million), providing the following: optimizing service delivery infrastructure (solid waste management, water supply and sanitation, energy efficiency in public buildings, regional and local roads); capacity building of local public authorities and service providers; improving planning and programming capacity at local level.

Key challenges:

- Agency for Payments and Intervention in Agriculture does not ensure transparency on state subsidizing and international assistance.
- Procedures for import of primary resources in the EU and other regions (seeds, fertilizers etc.) are complicated and include requirements for registration and testing that may last over one year.
- National Food Safety Agency faces limited institutional and operational capacities on food safety control and has no powers of legislative initiative on food safety.
- Insufficient equipment of laboratories testing food safety and issues related to efficacy of animal traceability mechanism.

Transport

Of the total actions planned for the period under review: 7 – implemented, 5 – ongoing.

Key achievements:

- Approval of the Road Traffic Code (July 2014), reflecting provisions of a series of European legislation: (1) Directive 92/6/EEC on the installation and use of speed limitation devices for certain categories of motor vehicles in the Community; (2) Directive 2009/40/EC on roadworthiness tests for motor vehicles and their trailers; (3) Directive 2008/68/EC on the inland transport of dangerous goods; (4) Directive 2006/22/ EC concerning social legislation relating to road transport activities; (5) Directive 2002/15/EC on the organisation of the working time of persons performing mobile road transport activities; (6) Directive 2003/59/EC on the initial qualification and periodic training of drivers of certain road vehicles for the carriage of goods or passengers; (7) Regulation 561/2006 on the harmonization of certain social legislation relating to road transport; (8) Regulation 1071/2009 establishing common rules concerning the conditions to be complied with to pursue the occupation of road transport operator; (9) Regulation 1370/2007 on public passenger transport services by rail and by road. The new Code allows for better control of drivers and road transport, provides for introduction of measures to prevent accidents (speed limiters, tachograph etc.).
- Developing and submitting for public consultation the draft of the new Law on civil aviation and the Government Decision on methodologies for calculation and approval of fees for airport and air navigation services.
- Drafting of the law on investigating accidents and incidents in transport vehicles, which provides for establishment of Transport Investigation and Analysis Agency and creation of a Digital map of accidents and incidents in Moldovan transport.
- Developing and consulting among ministries of the law on Moldova's adherence to the Memorandum of Understanding on Port State Control in the Black Sea region.
- Ratification by the Parliament of the Loan Agreement with EBRD (February 2015) for purchase of locomotives and railway infrastructure restructuring, amounting EUR 52.5 million.
- Accession to the Convention on International Interests in Mobile Equipment and its protocols, adopted in Cape Town on November 16 2001 (Law no. 59 dated 9 April 2015).
- Providing the technical stations with calculating equipment connected to the single filing system of transport units that have been subject to periodic technical inspection SIA "AUTOTEST".
- Reconstruction of 147 km of road from the total of 360 km planned to be reconstructed with the help of the external assistance.
- The first joint-track railway terminal in Giurgiulesti International Port. This shall allow transportation of liquid products as well as petroleum and oils, thus, linking Moldova and EU countries (September 2014).

Key challenges:

- Issues in the shipping area: obsolete floating vehicles, low level of navigability on Nistru and Prut due to the level of mud that is to be removed to ensure the guaranteed depth for safe navigation.
- Degradation of the rail sector due to delay in implementation of State Enterprise "Moldovan Railways", poor funding granted to the sector and wear of railway infrastructure.

Information society

Of the total actions planned for the period under review: 2 – implemented, 12 – ongoing, 3 – partially implemented, 2 – missing information.

Key achievements:

- Approval of the Law no.174 dated 25 July 2015 on the organization and functioning of the National single emergency call service 112. The new legal framework provides for the unification of the processing and transmission of data, obtained from emergency calls, to emergency specialized services. The law aims to ensure high level of safety and protection of individuals and property through effective use of modern electronic communication infrastructure capacities.
- Publication of the methodology that establishes general rules to be applied by the parties involved in identifying, publishing and updating of data on official websites of public authorities. Directive 2003/98 / EC on re-use of public sector information has been partially transposed.
- Improving the use of government electronic payment service (Mpay) to pay for public services. Thus, in June 2015, proceeds from payment of public services through Mpay (MDL 47 million) doubled compared to May. In addition, Mpay has expanded and offers the possibility to pay fees for kindergartens under Chisinau Municipality.

Key challenges:

- Persistence of low competition in the sector due to influence of the state operator "Moldtelecom", holding monopoly on access infrastructure.
- Scarce financial and human resources within local public authorities with regard to duly implementation of ICT solutions.

Employment, Social Policy and Equal Opportunities

Of the total actions planned for the period under review: 6 – implemented, 7 – partially implemented, 17 – ongoing, 3 – not implemented.

Progresses:

- Negotiating and signing agreements on circular / seasonal labour migration, and agreements on social protection with the main destination countries for Moldovan migrants. With reference to the first case, Moldova initiated negotiations on an agreement with the French Republic on youth mobility specialists, and in the second case, Moldova finalized negotiations with Turkey, Lithuania and Belgium.
- Institutional capacity development of social assistance network at the local level.. In support of this, Minister of Labour Social Protection and Family approved performance standards for services and a business model for local subdivisions responsible to provide social assistance. It also approved the decision on continuous training of social assistance staff employed in the territorial structures.
- Drafting of Government Decision on minimum safety and health requirements for work with display screen equipment. This document will transpose Directive 90/270/EEC dated 29 May 1990.

Key challenges:

- Delay to draft and approve policy documents in this area. The Government approved the annual employment plan with several months delay, precisely in June. One of the main causes is due to political instability as of the beginning of the year, when formation of the executive postponed approval of several normative and legislative documents.

Statistics

Of the total actions planned for the period under review: 3 – implemented, 0 – partially implemented, 33 – ongoing, 1 – not implemented.

Progresses:

- Assessment of statistics on accidents at work held by National Bureau of Statistics compared with European standards (evaluation of definitions and data collection methods). Assessment finalized earlier than originally planned under the Action Plan.
- Initiation of full implementation of methodology of the UN System of National Accounts 2008 and international compilation methodology harmonized with the European System of Accounts, 2010 edition. Thus, GDP was adjusted on seasonal basis for the years 2000 - 2015 according to this methodology.

Key challenges:

- Approval of the Regulation on statistical reports on air carriage of passengers, freight and mail with at least half a year delay. This document shall transpose the provisions of EC Regulation no. 437/2003 of the European Parliament and of the Council as of 27 February 2003.

Management of public finances: budget policy, internal control, financial inspection and external audit

Of the total actions planned for the period under review: 5 – implemented, 0 – partially implemented, 14 – ongoing, 2 – not implemented.

Progresses:

- Regulatory and legislative framework regulating public internal financial inspection has been adjusted in due time. Among the updated documents are the Code of Ethics of Internal Auditor and Internal Audit Charter, including Regulation on evaluation, reporting on financial management and control and statement on good governance. In addition, a Framework Regulation on operation of economy and finance departments has been developed with the support of Dutch experts.
- Ongoing consolidation of the local revenue base of the local authorities according to National Decentralization Strategy. The amendments operated to a series of legislative acts in 2014 and 2015 expanded the tax base for advertising devices and established a self-managing mechanism of 4 (four) local taxes.

Key challenges:

- Lack of transparency on reporting by Financial Inspection remains to be a challenge. Contrary to the national legal framework on transparency and commitments under the Action Plan, Financial Inspection fails to publish reports on its activity in time. In fact, Financial Inspection has not published the Activity Report for 2014 on its official website.

Taxation

Of the total actions planned for the period under review: 0 – implemented, 7 – ongoing, 0 – not implemented.

Key achievements:

- Development by the State Tax Inspectorate of a draft cooperation agreement with the EU countries on exchange of information concerning the assets and revenue of both resident and non-resident tax payers.

- Completion of the preparatory phase of the Agreement on mutual administrative assistance in exchange of tax information with Lithuanian Tax Administration.

Key challenges:

- Despite the objective of promoting good governance in taxation, there have been some major shortcomings in this regard in the past year. They refer to the approval of State Budget for 2015 under the responsibility of the executive and granting secret state security for lending in banking system.

Financial services

Of the total actions planned for the period under review: 3 – implemented, 1 – partially implemented, 12 – ongoing, 0 – not implemented.

Key achievements:

- Signing the Twinning Contract between the Polish Financial Supervision Authority and Moldovan National Commission on Financial Market (NCFM). This contract presumes implementation of project “Development and consolidate the NCFM’s operational and institutional capacities in the field of prudential regulation and supervision”.
- Approval by the Administrative Council of NCFM of the practical guide on detection of fraud, abuse, and manipulation on the financial market.
- Approval of Law no.106 dated 28 May 2015 on amending and supplementing Law no. 1134-XIII dated 04.02.1997 on joint stock companies. Approved amendments provide for strengthening protection of investors rights.
- Approval by NCFM of Regulation on application of the bonus-malus system to compulsory insurance of civil liability for damage caused by vehicles. The document shall ensure operation of bonus-malus package in the State Automated Information System in the respective area and allow the calculation of the insurance premium for each car owner proportionally to the damages caused.

Key challenges:

- Approval of Law no. 71 dated 04.12.2015 amending and supplementing Law no. 550 dated 21.07.1995 on financial institutions. These changes have created artificial deadlock for the European Bank for Reconstruction and Development to increase its share in “Victoriabank” SA.

Industrial and enterprise policy

Of the total actions planned for the period under review: 4 – implemented, 2 – partially implemented, 17 – ongoing, 6 – not implemented.

Key achievements:

- Development of practical manual for implementing public-private partnership projects (PPP) and concessions. The electronic version of the manual has been distributed to potential beneficiaries during a round of workshops.
- Approval of the strategy to increase competitiveness of IT industry for the years 2015-2021 under Government Decision 254 dated 14.05.2015 and approval the draft law on IT parks under Government Decision no.253 dated 14.05.2015.

- Development of tools for PPPs effective management. This goal is achieved including with the support of the Twinning project: “Strengthening Public-Private Partnerships in Moldova”, under which a series of laws in this area have been amended and supplemented.

Key challenges:

- Transparency of Public Procurement Agency (PPA) remains very low. In particular, this refers to the section “Public Private-Partnership” on the official website of PPA that has not been modified and adjusted as provided under the Action Plan. In fact, this section has not been updated over the last year.
- Belated creation of the Advisory Council for small and medium-sized enterprises (SMEs) which deadline expired at the end of 2014. It has been planned to create this Council by the end of 2015, following the approval of the draft law on SMEs.
- Delayed draft Government Decision amending and supplementing Government Decision no. 652 of 01.09.2011 “On approval of Regulation on contest for selecting residents and investment projects for industrial park, and the template-Report model on activity carried out in the industrial park”.
- Failure to adjust performance indicators for regulating authorities to the indicators used in EU. This measure ought to be executed during implementation of Competitiveness Enhancement Project II (CEP II), assisting the Ministry of Economy in execution of this action.

Energy cooperation

Of the total actions planned for the period under review: 9 – implemented, 0 – partially implemented, 8 – ongoing, 6 – not implemented.

Key achievements:

- Approval of Law on eco-design requirements applicable to energy-related products. This Law transposes the provisions of Directive 2009/125/EC of the European Parliament and of the Council of 21.10.2009.
- Government Decision no. 1003 dated 10.12.2014 approving the Regulations on labelling of energy-related products. The Government approved five Regulations transposing the provisions of a set of EU Directives.

Key challenges:

- Failure to adjust national legislation to the Third Energy Package. This refers primarily to amending the Laws on electricity and natural gas, the deadline being the end of 2014. The new Law on electricity has been forwarded for public discussion only in 2015, while no progress has been made on the Law on natural gas.
- Failure to draft on time Regulation on conditions for access to the network for cross-border electricity exchange.
- Failure to draft on time Regulation on conditions for access to the natural gas transmission networks.
- Failure to draft on time Regulation concerning measures to safeguard security of gas supply.
- Failure to transpose into national legislation by the end of 2014 a series of EU Regulations and Directives. These include the following: EU Regulation no. 347/2010 EC Regulation no. 245/2009 EC Regulation no. 244/2009, EC Regulation no. 640/2009 and Directive 2002/40/EC.
- Failure to approve on time the Law on promoting the use of renewable energy, which transposes Directive 2009/28/EC. Although the draft Law has been registered in the Parliament on 24.03.2014, the Parliament voted on it in the first reading only.

Environment

Of the total actions planned for the period under review: 2 – implemented, 0 – partially implemented, 1 – ongoing, 1 – not implemented.

Key achievements:

- Draft and approval of Strategy and Action Plan on biodiversity conservation. Approval of these documents occurred only at the beginning of 2015, originally planned at the end of 2014.
- Approval of the Law on environmental impact assessment. This Law partially transposes Directive 2011/92/EU of the European Parliament and of the Council dated 13.12.2011 on the assessment of the effects of certain public and private projects on the environment.

Key challenges:

- Failure to draft and approve on time the national legal and regulatory framework for transposing Directive 1999/32/EC relating to a reduction in the sulphur content of certain liquid fuels. The Government has submitted the Draft Government Decision for public discussion with delay and has not approved it so far.

Regional development, cross-border and regional level cooperation

Of the total actions planned for the period under review: 2 – implemented, 2 – partially implemented, 12 – ongoing, 0 – not implemented.

Key achievements:

- Development of regional plans on energy efficiency, water supply and sanitation, local and regional roads and solid waste management. This activity has been implemented with the support of “Modernization of Local Public Services” project financed by the German government.
- Assistance to local authorities in applying for funding from EU programs and other funds. Under this project, Ministry of Regional Development and Construction signed three agreements with the Austrian Development Agency, Romanian Embassy and KFW Banking Group.

Key challenges:

- Although the objective of reducing regional disparities in terms of financial support granted has been achieved, in reality regional disparities continue to persist.

Public health

Of the total actions planned for the period under review: 6 – implemented, 0 – partially implemented, 20 – ongoing, 1 – not implemented.

Key achievements:

- Completion of the report on implementation of the Framework Convention on Tobacco Control of the World Health Organization (FCTC) and submitted to the FCTC Secretariat.
- Draft Government Decision on actions for implementation of International Health Regulations to prevent cross-border transmission of hazards to public health. The draft has been approved by Government Decision no. 531 dated 07.03.2014 and is ongoing.
- Completion of assessment of surveillance and control system of transmittable diseases.

- Approval of the Law on tobacco control, which transposes the Framework Convention on Tobacco Control of the World Health Organization and Directive 2001/37/EC. The Parliament passed the new law in breach of the initial due term.
- Amendment of the Law on advertising in accordance with Directive 2003/33/EC relating to the advertising and sponsorship of tobacco products.

Key challenges:

- Failure to approve in due time the Action Plan on the implementation of the National strategy on prevention and control of non-communicable diseases for 2012-2020. The Government shall approve the Action Plan in the second half of 2015, with one year delay.

National Treatment and Market Access for Goods (Merchandise trade)

Of the total actions planned for the period under review: 4 – ongoing.

Key achievements:

- Approval of the Regulation on administration of tariff quotas for import / export of goods to / from Moldova (Government Decision no. 971 dated 17 November 2014) and Customs Service Order no. 501 dated 09.12.2014 on implementing the mechanism for administration of tariff quotas.
- Approval of the Law on Moldova's adherence to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (Law as of 29 May 2015).
- Ratification of Agreement between Moldova and EU on participation in the EU program "Competitiveness of Enterprises and Small and Medium Enterprises (COSME 2014-2020)" (Law no. 21 dated 27 February 2015). The program aims to develop competitiveness of SMEs, foreseen for 2014 - 2020 (EUR 2.3 billion). It provides for easier access to finance for SMEs to improve competitiveness and access to the European market.
- Implementation of the mechanism for quota management using data processing system SIIV "ASYCUDA WORLD", with further publication of data on evolution of quotas usage on Customs Service (CS) website.
- Harnessing the export tariff quotas through anti-circumvention mechanism: corn – 83.3%, wheat and wheat flour – 52.6%, barley – 33.1%, processed cereal – 30%, sweet corn – 8.5 %.
- Harnessing the export quotas: grapes – 77% - 2014, 0.7% - in 2015 (January-June); Apple – 3.96% - 2014, 0.8% - 2015 (January-June); Plum – 39.4% - 2014, 0% - in 2015 (January-June).
- Participation of Moldova with its own pavilion at the World Exhibition "Milan 2015" (May 2015). The event provided a platform for promoting food products, textile and Moldovan wine on the European market and an opportunity for Moldovan companies to establish international partnerships.
- Establishment of communication platform dedicated to DCFTA. Launching of the Forum concerning EU-Moldova dialogue with civil society, expected to take place annually, and dedicated to consultations on trade and sustainable development in the context of DCFTA implementation. Launching the online page www.dcfta.md to broadcast the outcomes of DCFTA implementation.

Key challenges:

- Failure to comply with quality and food safety criteria of the products of animal origin, which continues to hinder their sale on the EU market (poultry, egg – the B category).
- Partial recovery of tariff quotas established under the DCFTA.

Technical regulations, standardization and relevant infrastructure

Of the total actions planned for the period under review: 4 – implemented, 11 – ongoing, 2 – not implemented.

Key achievements:

- Gradual transposal of the European standards: in 2014, Moldova transposed 2057 European standards and cancelled 1090 conflicting standards, in January-June 2015 approved 1597 European standards. To date, Moldova approved about 10,000 European standards.
- Completing to pre-assessment procedures to evaluate the level of readiness of the National Accreditation Centre (MOLDAC) to adhere to EA Multilateral Agreement (EA MLA).
- Commencement of the actions aimed at strengthening the capacity of the institutions in the field of standardization and metrology in line with European best practices and information activities related to opportunities by applying European standards, within the Twinning project “Strengthening institutional capacities in standardization and metrology”.

Key challenges:

- Political situation in the country led to unfinished procedures for amending legislation related to non-tariff barriers (on accreditation and conformity assessment, metrology, market surveillance, general product safety).

Sanitary and phytosanitary measures (SPS)

Of the total actions planned for the period September 2014 – July 2015: 3 – implemented, 4 – ongoing, 2 – partially implemented, 1 – in delay, 2 – missing information.

Key achievements:

- Obtaining the possibility to export caviar produced in the country on the EU market. Moldova is among the countries allowed for imports of certain fishery products intended for human consumption in the EU.⁵⁴
- Presentation and consultation with EU of the list with legislative acts on sanitary and phytosanitary measures for approval in 2015 in the context of DCFTA implementation.
- First meeting of Sanitary and phytosanitary sub-committee (SPS) in Chisinau. SPS sub-committee appointed the chairperson and the responsible staff on SPS and examined the preliminary list of the SPS legislation.
- DG SANTE assessed the control system on egg production.
- Develop and promote procedures regarding HACCP Implementation Guide (Hazard Analysis and Critical Control Points) and the use of feed additives by poultry enterprises. In addition, the National Safety Agency (ANSA) conducted a series of activities to promote the principles of HACCP dedicated to food industry representatives.
- Obtaining the external assistance to implement the project on creation and operation of the Laboratory for identification of pesticide residues in plants, soil and production of non-animal origin (Romania – EUR 3.000, USD 200.000, Norway – EUR 150.000, Israel – EUR 300.000).
- Conducting actions to strengthen technical and institutional capacity of the authorities responsible with food safety based on external financial support (World Bank, EU, FAO): provision with technical equipment of food safety to the laboratories in Balti and Cahul and Border inspection units

⁵⁴ Commission Decision as of 16 July 2014 to implement Annex II to amending Decision 2006/766/CE [http://eur-lex.europa.eu/legal-content/RO/TXT/?uri=CELEX:32014D0472\(01\)](http://eur-lex.europa.eu/legal-content/RO/TXT/?uri=CELEX:32014D0472(01))

from Leuseni, Tudora, Criva and Giurgiulesti, reconstruction and proper equipment of National Food Safety Agency (NFSA) headquarters, trainings for NFSA staff from territorial and border units.

Key challenges:

- Lack of incentives and support to economic operators concerned to comply with sanitary and phytosanitary requirements required on the European market.
- Approval of regulatory acts that may undermine efforts to strengthen market surveillance system and guaranteeing food safety. Government Decision as of 5 August 2015 approving animal and public health rules and model certificates for imports of certain meat products, including processed stomachs, bladders and intestines for human consumption may serve as proper example in this context. The Decision contains provisions that allow importation of meat products not complying with sanitary standards, which after thermal processing may be used in the production of meat products (e.g. sausages).
- Lack of progress to comply with EU market's food safety requirements concerning the products of animal origin, except for the eggs (egg powder) and caviar.

Customs and trade facilitation

Of the total actions planned for the period September 2014 – July 2015: 10 – implemented, 4 – ongoing.

Key achievements:

- Approval of the regulatory framework on electronic customs clearance of goods upon import (Government Decision no. 675 dated 19 August 2014, Customs Service Order no. 427 as of October 2014). Launching customs declaration for import operations at three customs checkpoints starting from September 1 2014, and as of March 2015 – to all customs checkpoints. This shall reduce costs for import procedures and eliminate direct contact with customs officers.
- Increasing the share of the exports perfected via electronic means (March-December – 21% of total exports, December to July 2015 – 45%).
- Amending of the Customs Code (Law no. 71 dated 12 April 2015) and approving of the Regulation on granting and use of the status “Authorized Economic Operators” (Government Decision no. 385 dated 16 June 2015), which introduced simplified procedures on certification of origin. Upon fulfilling the requirements prescribed, exporters shall benefit the status of “Authorized Economic Operators”. This will enable them to confirm the preferential origin of goods for export on their own responsibility, without the need to obtain the certificate.
- Amending the Government Decision no. 1140 (GD no. 279 dated 20 May 2015) providing reducing the number of documents needed for customs clearance of imported/exported goods to simplify foreign trade. Therefore, the number of mandatory documents upon clearance of goods and transports has been reduced to three documents: a) invoice; b) transport documents; c) permissive documents required for customs clearance, if under the law such documents are required for the respective declared goods.
- Introducing the concept of “blue corridor customs control” (Law no. 71 dated 12 April 2015), which allows facilitated customs clearance with further re-checking of customs declaration, based on the principle of selectivity. After testing customs clearance of goods on the blue corridor, the tool became functional at all customs checkpoints (Customs Service Order no. 292-O of 31 July 2015).
- Approval of the Regulation to postpone final establishment of the value on imported goods at customs (Customs Service Order no. 445 as of 17 October 2014). The Regulation grants operators

the opportunity to pick up goods from customs and provide data necessary to confirm their customs value afterwards.

- Entry into force on 1 January 2015 of the combined Nomenclature of goods, adjusted to the latest edition of the Harmonized Commodity Description and Coding System (HS2012). This measure is in line with development of the Integrated Tariff of the Republic of Moldova (TARIM) system, in accordance with EU system. TARIM is a database containing information about all permissive documents (certificates, licenses, authorizations) necessary upon import/export, which may be accessed on the webpage of Customs Service.
- Development and implementation of “Authorized Economic Operator” (AEO) concept (Government Decision no. 647 dated 7 August 2014, Customs Service Order nr.483-O as of 13 November 2014, CS Order jointly approved with DPF no. 116/105 dated 13 March 2015, CS Order no. 50 as of 16 February 2015). By July 2015, 80 local companies have been registered as AEO that allows enjoyment of simplified customs procedures (“green customs corridor”).
- Opening a priority crossing point on border Leuseni – Albita as a pilot project for cargo exported and/or transported by EU Authorised Economic Operators (AEO).

Key challenges:

- The unclear situation with regard to the RISE investigation related to export of fruits to Russia^{55 56}

Public Procurement

Of the total actions planned for the period September 2014 – July 2015: 2 – implemented, 8 – ongoing, 3 - not implemented, 2 - missing information.

Key achievements:

- Approximation of the Law on Public Procurement with the European legislation: (i) Directive no. 24/2014/EC on public procurement, (ii) Directive no. 18/2004/EC on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts, (iii) Directive no. 66/2007/EC with regard to improving the effectiveness of review procedures relating to award of public procurement contracts. Also, it was drafted the law concerning the procedures coordination for awarding procurement contracts in the water, energy, transport and postal services.
- Approval of the Action Plan on government public procurement under Order no.32 of Public Procurement Agency.
- Review of the Regulation on purchase of goods and services by requesting price offers and Regulation on public procurement works.

Key challenges:

- A series of delays on implementing goals under National Plan for Implementation of the AA for September 2014-July 2015 have been identified as follows: (1) failure to approve Law on Public Procurement within the first 6 months of 2015; (2) lack of progress on establishment and operation

⁵⁵ Investigation, RISE Moldova, <https://www.rise.md/articol/camera-ascunsa-doc-embargo-moldovenesc-la-exportul-de-fructe-in-rusia/>

⁵⁶ Following the self-notification the Customs Service, through the Internal Security Department, initiated an internal investigation. It concluded that the representatives of the Customs Service did not break the law. Therefore, the procedure of issuing certificates of origin was in line with existing legal norms, given the fact that the complete set of documents required to obtain the certificate was presented. More than that, the Customs Service says that RISE’s investigation does not show the result of the National Integrity Commission’s assessment that in fact did not determine any breaching of the law.

of the National Agency for Solving Complaints; (3) delays in amending Law on Public Procurement by introducing standards for regulating award of contracts (such as non-discrimination, equal treatment, transparency clauses). Among the major causes of backlogs may be mentioned poor quality of governance, political instability (Parliamentary elections, unstable government, Prime Minister's resignation), limited budgetary financial resources as well as suspension of external funding (World Bank, EU).

Intellectual property rights

Of the total actions planned to be implemented within the period under review: 18 – implemented, 20 – ongoing, 2 - partially implemented, 3 - missing information.

Key achievements:

- Strengthening of the legal framework on intellectual property protection by adopting the Law on the State Agency on Intellectual Property (Law no. 114 dated July 3, 2014). This contributes to strengthening institutional capacity in the field, regulating the legal status, principles and directions of activity, the functions, tasks, rights and obligations of the Moldovan State Agency on Intellectual Property (AGEPI).
- Entry into force of the Law on Approval of the National Symbols Associated with Protected Geographical Indications (GIs), the Appellations of Origin (AO) and the Traditional Specialties Guaranteed (TSG) (Law no. 101 dated 12 June 2014). The Law makes reference to Regulation on use of national symbols associated with GI, AO and TSG, which establishes the conditions and the use of national symbols associated with PGI, PDO, TSG. The latter ones will appear as national symbols and will be marked on the marketed local products.
- The ratification of the Agreement between Moldova and the European Patent Organisation on the validation of European patents (Law no. 57 dated 9 April 2015).

Key challenges:

- The constant low level of popularity of the titles on domestic products protection (GIs, AO and TSG) among domestic producers. Currently, only two AO ("Ciumai" and "Romanesti"), three GIs for wines ("Valul lui Traian", "Codri", "Stefan Voda") and one GIs for brandy (Divine) are registered.
- Low enforcement of the intellectual property protection (IP), which affects the exercise and enforcement of IP rights. The source of the problem is the low level of knowledge about the specifics of IP system among the judges and the lack of interest from the right holders.

Establishment, trade in services and electronic commerce

Of the total actions planned for the period under review: implemented - 6, partially implemented - 1, ongoing – 40, not implemented - 11.

Key achievements:

- Approval of Strategy on the increase of IT industrial competitiveness for the period 2014-2022. This document has been approved by Government Decision no.254 dated 14.05.2015.
- Approval of Law no.174 dated 25.07.2014 on the organization and functioning of the Single National Emergency Call System 112.

- Development of the National Program for the implementation of universal service in the electronic communications sector in Moldova for the years 2014-2020. Despite the timely development of this document, its approval has been postponed until 2016.
- Approval by Government Decision no.240 dated 08.05.2015 of the Program on transition from analogue terrestrial television to digital terrestrial television. The Government has delayed approval of this program for a period of 4 months.
- The Government approved under Decision no.701 dated 25.08.2014 the Methodologies on the publication of Open Government Data.

Key challenges:

- Failure to approve in time Law on information technology industrial parks. It passed only the first reading in Parliament on 31.07.2015. Thus, the approval of this law is already in a half-year delay.
- Approval of Law on postal services is being delayed, which shall transpose into national law the provisions of Directive 97/67/ EC concerning common rules on the development of the internal market of Community postal services and on improving service quality. The Parliament shall approve this Law by the end of 2014, however it submitted the draft for public discussion in the first half of 2015.
- The delayed approval of Law on postal services has generated a chain reaction, namely failure to approve a set of regulatory documents in the same area. Thus, the Government appears to delay approval of the Regulation on postal service execution.
- At least half-year delay on approval of Law on access to properties and shared use of infrastructure associated to public electronic communications networks.
- Failure to initiate and complete in time review of national legislation in the field of electronic communications, in order to amend and implement specific rules of the EU acquis on telecommunication sector in the national legal system relating to personal data protection and privacy in the electronic communication sector.
- Failure to draft instructions (guidelines) concerning the processing of personal data and protection of private life in electronic communication sector.
- Delay in the scheduled development process of the draft Law on settlement finality in payment and financial instruments settlement. Currently, NBM summarizes recommendations and notifications on this draft law.

Current payments and movement of capital

Of the total actions planned to for the period under review: implemented – 0, partially implemented – 0, ongoing – 2, not implemented - 0.

Key achievements:

- Initiation of Draft Law on amending and supplementing the Law no. 62-XVI dated 21 March 2008 on foreign exchange regulation, which shall provide for liberalization of certain foreign capital operations. Currently the draft is under approval stage by competent authorities.

Key challenges:

- No major arrears have been identified.

Competition

Of the total actions planned for the period under review: implemented – 15, partially implemented – 0, ongoing – 6, not implemented - 1.

Key achievements:

- Initiation of joint training programs for the staff of Competition Council and Public Procurement Agency on identification of bid rigging in public procurement.
- Approval of rules on the assessment of state aid to airports and airline companies setup.
- Approval of rules on the assessment of state aid for rapid development of broadband electronic communication networks.
- Approval of state aid rules for public passenger transport services by rail and road.
- Approval of state aid rules for railway undertakings.
- Approval of state aid rules for public broadcasting services.
- Approval of state aid rules for ship management companies.
- Approval of state aid rules for postal services.
- Approval of state aid rules for movies and other audiovisual works.
- Approval of state aid rules for the steel sector.

Key challenges:

- Failure to develop and present Proposals on eliminating provisions related to advertising targeting consumers, which fall under the competence of Competition Council. The Competition Council shall complete this task after initiating the drafting process of the National Programme on competition and state aid 2020.

Trade-related energy issues

Of the total actions planned for the period under review: implemented – 1, partially implemented – 0, ongoing – 0, not implemented - 2.

Key achievements:

- Approval of new edition of methodology on calculation, approval and adjustment of natural gas prices. Administrative Board of the National Agency for Energy Regulation (ANRE) has approved this document under Decision no. 678 dated 22.08.2014.

Key challenges:

- After entry into force of amendments to Law on electricity no. 124-XVIII dated 23 December 2009, Regulation on allocation and management of interconnectors' capacities and mechanisms for solving the congestion problem in the electricity system (that has been developed in order to transpose EU Regulation no. 2003/1228 / EC) has not been approved. This document has been finalized and consulted with public and shall be approved after the adoption of the new Law on electricity.
- After entry into force of amendments operated to Law no. 123-XVIII dated 23 December 2009 on natural gas, Regulation on access to natural gas transmission networks (that has been developed in order to transpose EU Regulation no. 2005/1775 / EC) has not been approved. This document has been finalized and consulted with public and shall be passed after approval of the new Law on natural gas.