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**European Union – Republic of Moldova Action Plan:
Assessment of progress in 2005**

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ABBREVIATIONS AND ACRONYMES

IDA – International Development Agency;
PCA – Partnership and Cooperation Agreement;
PACE – Parliamentary Assembly of the Council of Europe;
ODIHR – Office for Democratic Institutions and Human Rights;
IBRD – International Bank for Reconstruction and Development;
NBM – National Bank of Moldova;
NBM – National Bureau for Migration;
NBS – National Bureau for Statistics of the Republic of Moldova;
CC – Constitutional Court;
EC – European Commission;
CEC – Central Election Commission;
ECHR – European Court of Human Rights;
CoE – Council of Europe;
CLRAE – Congress of Local and Regional Authorities of the Council of Europe;
CIS – Commonwealth of Independent States;
SCJ – Supreme Court of Justice;
MIA – Ministry of Interior Affairs;
MID – Ministry of Information Development;
MDL – Moldovan leu;
IOM – International Organisation for Migration;
OSCE – Organization for Security and Cooperation in Europe;
SEECF – South East European Cooperation Process;
ENP – European Neighbourhood Policy;
PFMP – Public Finances Management Project;
PRGF – Poverty Reduction and Growth Facility;
SPSEE – Stability Pact for South East Europe;
RM – Republic of Moldova;
HBS – Households Budgets Survey;
EGPRSP – Economic Growth and Poverty Reduction Strategy Paper;
EU – European Union;
USD – U.S. dollar;

RESUME

This Report is a monitoring of the implementation of the E.U. - Moldova Action Plan in 2005. It studies 10 fields that the Plan indicates as priorities.

The essential accomplishments in the area of **democratic institutions** are mostly a consequence of the „political partnership” between parties represented in the legislative forum.

International observers have described the March 2005 *parliamentary elections* as generally in compliance with most of the OSCE recommendations, with the Council of Europe’s standards and other international commitments on elections. However, the authorities have failed to fulfil some commitments indispensable for a truly competitive electoral process (conditions for conduct of the electoral campaign, access to mass media), and this fact implies the need to modify the electoral legislation in line with recommendations of the Venice Commission and OSCE.

Although the *Action Programme* of the Government “Modernisation of country – welfare of people” proclaims the European integration and accomplishment of the European Union – Republic of Moldova Action Plan as priorities of the foreign policy of the country, a well-done and concrete action plan for the implementation of the Plan *was not officially adopted* so far.

The Parliament has passed important amendments to a number of legislative documents on the Information and Security Service (SIS), Chamber of Auditors, Election Code, in the context of „political partnership” as a premise for creation of a framework favourable to *stability and consolidation of democratic institutions*. The drafting and adoption of these laws in a hurry were justified through the need to confirm the viability of the „political partnership”, but this has marked the quality of these laws. In this context, a draft audiovisual code was tabled to the Parliament for examination, but it was not made public in spite of the major interest for this document. In November 2005, the Parliament adopted the decision on schedule of legislative actions in compliance with the Resolution and Recommendations of the Commission on the *respect for obligations and commitments of member states of the Council of Europe*. The arrears in this field will be recovered by the mid-2006, so that to seek the withdrawal of Moldova from the list of monitored countries.

Several actions have been undertaken in the Human Rights area: *abolition of death penalty* under all circumstances: the Parliament has introduced a new article in the Criminal Code that establishes punishments for *applying the torture*; the Republic of Moldova has joined the Optional Protocol to the Convention on the *Elimination of All Forms of Discrimination against Women*; the Parliament has adopted the organic law on the *insurance of equal chances to women and men*; a new draft *law on religious dominations* was adopted in the first reading in December 2005. A draft law for the modification and completion of the Moldovan Constitution, which would allow the Moldovan citizens to contest the judgments of the Supreme Court of Justice in the Constitutional Court, so that to introduce the possibility of a last national appeal for people before appealing the European Court of Human Rights, was worked out. The opposition has blocked up this initiative in the context of existing shortcomings in the judiciary system. This way, *the deficiencies of the judiciary system generate the lack of confidence and undermine some initiatives* that deserve support in principle.

The Parliament has adopted a legislative programme for 2005-2009 for the first time, which is based on national strategies and programmes on different areas, including the E.U.-Moldova Action Plan, with the Moldovan Government being expected to ensure the implementation of this legislative programme as a priority.

Several documents aimed to improve the *cooperation of public authorities with civil society* were adopted in 2005. Although a new tackling of the partnership of public authorities with civil society has been accomplished through attraction of nongovernmental organisations in drafting some strategic documents for the Republic of Moldova, the implementation of cooperation mechanisms faces difficulties.

The Transnistrian problem is one of key topics of the Action Plan. Year 2005 had a promising start as regards the formal engagement assumed by Ukraine by launching its conflict resolution plan.

The Moldovan Parliament adopted last June a *declaration* on the Transnistrian settlement plan of Ukraine and two *appeals* to the international community regarding the democratisation criteria, principles and conditions of demilitarisation of the Transnistrian region of the Republic of Moldova. On July 22, the Parliament adopted the *law on basic provisions of the special legal status of the Transnistrian*

region. The Moldovan Government urgently adopted two decisions on July 30 for the implementation of this law: 1) "confirming the main guarantees for the Transnistrian population"; and 2) "regulating the flows of goods that represent the object of foreign trade activity of Transnistria."

The European Union has opened a permanent representation in the Republic of Moldova; it was accepted to observe the negotiation process and on November 30 it launched its *Border Assistance Mission to Moldova and Ukraine*. The mission aims to monitor the activity of customs services against smuggling, illegal trafficking and other frauds at the Moldovan-Ukrainian border, including the Transnistrian section.

The negotiation process was resumed in a new five-plus-two format and the United States observes the settlement talks besides the E.U. Three rounds of negotiations in this format took place, but none of them had essential results. At the same time, the situation in the security zone was jeopardised by not minor incidents.

The dependence of the Transnistrian settlement on foreign factors has been fully manifested in 2005. No progress related to the proper settlement of the conflict was registered so far, despite the new format, context and involvement. The Transnistrian authorities have demonstrated a high level of adaptation to the new conditions due to the support of the Russian Federation. This adaptation has another decisive support – the conduct of Ukraine, which has ignored more than once the understanding within the Moldova-Ukraine-E.U. trilateral, as well as the bilateral agreements with Moldova regarding the customs documents that the Transnistria-based enterprises should respect for import-export operations. The behaviour of Russia is a reproach against Moldova regarding the unilateral actions aimed at the conflict resolution.

The ministerial meeting of the OSCE that Ljubljana hosted on December 5-6, 2005 outlined a consolidated tackling on behalf of the E.U., U.S. and most of member states regarding the problems related to the conflict resolution. On the other hand, a final Political Declaration was not adopted for the third year in a row, as the Russian Federation opposed the inclusion of a clause on the lack of progress regarding the withdrawal of Russian troops and ammunition from the Transnistrian region of Moldova.

The evolutions in the area of **reformation of public administration** had a contradictory nature in 2001-2004 and raised the criticism of specialised European institutions. The reform started in the first half of 2005 with the modification of the name of central authorities, merger of several independent departments within ministries and reduction of the number of personnel, measures that were not based on preliminary adequate expertise and they were non-transparent.

The Government adopted the Decision # 1402 that approves the *central public administration reform strategy of the Republic of Moldova* on December 30, 2005, proposing the participation of those interested in the process of implementation of this action plan.

As regards the reform of *local public administration system*, the things did not progress in 2005. The Government has promoted the idea to create a Ministry of Local Public Administration, invoking recommendations of specialised international institutions. The way this draft was proposed and its quality raised the criticism of the parliamentary opposition and public opinion. This example outlines the fact that the *adoption of multiple programmes and strategies*, national and sectoral plans, important decisions do not always follow a deep studying of these fields, a realistic estimation of financial, material and human resources, which are indispensable to an adequate implementation.

Politicising of public administration persists, while the policy promoted on the vertical contains protectionist elements based inclusively on political criteria.

The **justice** sector was the objective of some legislative changes promoted mainly at the insistence of opposition within „political partnership”. Under these amendments, the chief of state and the Parliament will have to motivate on time their refusal to appoint candidates or judges, only on grounded reasons of incompatibility, violation of legislation or violation of the procedure of selection and promotion.

The modification of the law on the Superior Council of Magistrates (SCM) changed the mode of constitution of SCM and established a new procedure of election of the majority of the council (among judges, at a General Assembly of Judges).

The positive effects of the modifications did not appear yet, with the judiciary continuing to cross a period of crisis. This conclusion is based on facts: the high number of unexecuted judgments; results of recent parliamentary controls; rise of the number of appeals to the European Court of Human Rights; low confidence of population for justice certified by surveys, etc.

Moldova registered important progresses regarding the **economic and social development**. The *economic growth* strengthened in 2005 in parallel with the rise of investments. However, a high share of investments for a couple of years and geographic enlargement of the rise, which is polarised in the Chisinau municipality, are needed for sustenance of the growth. The indicators that feature the poverty have improved much in 2000-2004, but they stagnated in 2005, according to estimates. The inequality of revenues remained at a very high level, being related to the limited number of economic opportunities in rural localities and towns.

Some *progresses* were registered *in relations with international financial institutions*, this being one of key conditions in the Moldova-E.U. Action Plan. The World Bank has approved several important sectoral projects, in particular on cadastral sector and public financial management, within its new country strategy. Moldova was visited by several missions from the International Monetary Fund, which have held general talks on Article IV and started preliminary negotiations on the new memorandum on economic policies with the Government and the National Bank of Moldova (NBM). Moldova holds good chances to obtain the signing of this memorandum by late 2006. The resources of IMF could be very useful to NBM, which will face a large current account deficit in 2006 and will have to get through other adverse conditions.

The *fiscal and monetary policies were prudent* in 2005, ensuring a satisfactory macroeconomic stability. The efforts of NBM to combat inflation were sustained by a fiscal policy of the Government, which abstained itself from budgetary deficits and reduced the foreign public debt a little, while the domestic debt has insignificantly grown.

The Government has drafted the *Medium-Term Expense Framework for 2006-2008*. This is the third exercise aimed to plan the medium-term fiscal framework, with one of tasks established by Action Plan being fulfilled this way. The Government has succeeded to integrate the state budget, local budgets, social insurance budget and extra-budgetary funds in the national public budget, and this is another task indicated by Plan. Under provisions of the Action Plan, public budgets are based on cautious macroeconomic forecasts compatible with EGPRSP. The low transparency of use of public finances, management of state companies and privatisation process remains the major problem in the area.

The **foreign trade** of Moldova remained concentrated on a relatively small range of exports in 2005, while the oil products dominated the imports. Moldova was awarded a new generalised trade system of preferences – *GSP Plus* – at the end of 2005 from perspective of commercial relations with the E.U. This accomplishment is important for trade exchanges between Moldova and E.U. member states. Moldova will benefit of the second level of trade preferences, which stipulate a zero duty for exportation of a wide range of goods to the E.U. On the other hand, a series of products such as sugar, wines and alcohol drinks, meat products, canned products, which dominate the Moldovan exports, are not included in this system. Therefore, we expect the new system of trade preferences to have a limited effect. Moldova has expressed intention to obtain a regime of *autonomous trade preferences* from the E.U. similar to the ones awarded to the West Balkan states.

The **regulatory reform** was a priority in agendas of economic policy in 2005. This reform was materialised in the known *law on optimisation of normative framework regulating the entrepreneurial activity*, enforced on February 7, 2005, which the public knows as the „Guillotine Law”. The goal of developers of this law was „to review the existing framework in a move to eliminate the regulations that unfit the legislation and lay obstacles on way of development of business environment. According to experts, the effects of this law did not meet the expectations because the reform resulted with a classification and legalisation of regulatory documents instead of their reduction.

The *privatisation process has stagnated* like the precedent years, while the several cases of privatisation of public property were minimally transparent.

The *anti-corruption fight* has intensified, but the problem of its use as a tool of settling accounts with political adversaries remains of present day.

The Action Plan stipulates the **border control** as a priority. A draft law on border guard service aimed to adjust the existing practices to European norms was worked out in 2005, but its adoption is late. The Border Guard Service has signed cooperation protocols with similar services from other countries. A strategy on training and exercising in the area of state border management, including on better knowledge on Schengen standards and regulations is being drafted. The adoption and the effective implementation of this strategy are late.

The combat of organised crime is a key priority of the Action Plan, focusing on the struggle against trafficking in human beings. The *law on the prevention and combat of trafficking in human beings* was adopted in October 2005 in this context. The effects of the law must be observed in order to be evaluated.

Finally, the **migration management** is a key topic of the Action Plan. Moldova is expected to carry out a better assessment and monitoring of the phenomenon and to intensify the exchange of information between specialised national and foreign services. The development of information system of the National Bureau for Migration and electronic information exchange system with other state structures was a very important step forward facilitating the access and exchange of information needed for assessment and monitoring of migration phenomenon. The Parliament has passed some legislative amendments aimed to adjust the national legislation to European norms in the area. Moldova has signed agreements on facilitation of visa regime with Poland and Lithuania and continued the negotiations with other several countries. However, the Government has recently proposed the closure of the National Bureau for Migration as a central authority subordinated to the executive.

General conclusions:

- a moderate progress was made in a number of key areas stipulated by Action Plan;
- the progress in these areas is mostly due to the political will, social consensus and foreign factors;
- the assessment of limited progress or its lack in different fields was due to the short-term implementation (1/3 of the foreseen term), insufficient administrative capacities, inertia of adaptation to new conditions created in the process of implementation of the Plan and lack of necessary economic and financial resources;
- the areas of apparent regress can be laid upon temporary deviations or some singular factors of influence, with definitive conclusions depending on the further evolutions and capacities of authorities to correct or eliminate the shortcomings;
- a concrete action programme structured on fields, coordinated and implemented under strict monitoring of authorities and public opinion should be approved for an ordered and progressive accomplishment of the Action Plan;
- the E.U. should participate more actively in this process, providing a technical, financial assistance and political support to the Government needed for the implementation of a complex document such as the Action Plan.

ABOUT EUROPEAN NEIGHBOURHOOD POLICY

The largest enlargement wave in the history of the E.U. started in 2004 through joining of the 5 Central European countries, 3 Baltic countries and 2 Mediterranean countries and it will end in 2007-2008 after the entry of Romania and Bulgaria. A number of limitrophe countries will become „new neighbours” of the E.U., as a result of political-geographical changes of present-day and of perspective (the eventual joining of the Balkan countries and probably of Turkey). The E.U. has drafted the European Neighbourhood Policy (ENP), in order to administrate the relations with a heterogeneous group of countries. The Action Plans signed with new neighbours are its main operational tools. In the context of this policy, the E.U. aims to establish the benefits of the European enlargement for neighbours, to consolidate security, stability and its neighbours' welfare and to prevent the appearance of new division lines in Europe¹. The E.U. has signed plans with 7 countries² and it negotiates plans with another 5 countries³.

The E.U. has drafted the European Neighbourhood Policy to project the benefits of its enlargement on limitrophe countries...

Some authors regard the European Neighbourhood Policy as a solution of compromise to the existential dilemma of the E.U.⁴ This dilemma rests with the fact that the E.U. must administrate the risk of its geographic over-enlargement until a point when it would not be functional anymore in parallel with negative effects that would result from express exclusion of some European countries from the European integration process. Certain authors consider that the objectives of the neighbourhood policy are too vague for encouraging the implementation of some ambitious packages of reforms in addressed countries.⁵ Of course, the final impact of ENP on neighbouring countries depends mostly on its contribution to the economic development of countries and there are more reasons for scepticism than for optimism in this context. There are fears that the E.U. has adopted the ENP because of reticence over assuming some obligations of integration of some countries such as Moldova or Ukraine. Some diplomatic statements that representatives of certain countries from the “severe nucleus” of the E.U. deliver in a hurry either under electoral circumstances or in a difficult political conjuncture do nothing but fuel suspicions⁶.

... but certain commentators raise some reserves...

However, the ENP is a new, more advanced approach that exceeds the traditional cooperation in relations of E.U. with the new neighbouring countries. The implementation of action plans promises a deep integration in many areas and progressive participation in a series of community policies and programmes. These fields include the education, youth and education policies, research, technological development and innovation, cultural policies and audiovisual. The ENP promises to provide technical and financial assistance for adjustment of policies and national legislative systems to European standards. The Neighbourhood and European Partnership Instrument is expected to be implemented starting 2007, while the financial assistance is due to increase, transborder cooperation is to be improved and new forms of assistance are due to appear for adjustment of legislation.

If the neighbouring countries implement successfully the priorities identified in actions plans, the signing of some „European Neighbourhood Agreements” will be the next step in the process of approaching the E.U. The neighbouring countries wait for these agreements to provide a clear possibility of a deeper commercial integration and wider participation in a series of community policies. Moldova holds very realistic chances to obtain such an agreement, but we consider that Moldova should be interested in the association as a first stage of plenary integration, rather than in the perpetuation or formalisation of the status of neighbour.

Partner countries of E.U. invest big hopes in the future Neighbourhood Agreements, waiting for a deeper commercial integration and participation in community policies ...

¹ See CE, 2005;

² Palestinian Authority, Jordan, Israel, Moldova, Morocco, Tunisia and Ukraine.

³ Armenia, Azerbaijan, Egypt, Georgia and Lebanon.

⁴ See Emerson, 2004;

⁵ See Milcher and Slay, 2005.

⁶ In particular, French Prime Minister Dominique de Villepin told an international conference on European integration matters in Salzburg in January 2006 that some countries such as Moldova or Georgia should never be provided perspective to join the E.U., <http://www.newsru.com/world/28jan2006/rashi.html>.

ENP does not stipulate the awarding of membership to neighbouring countries. Nor it rules out express this possibility. The Action Plans that the E.U. signs with its new neighbours are similar in a big measure, though they also envisage typical problems for distinct countries. The actions that will be implemented within these plans can be structured in the following categories:

- Political reforms (consolidation of democracy, human rights and good governing);
- Economic reforms (including creation of an environment favourable to investments and business);
- ... but they must implement massive portfolios of reforms for this purpose;
- Market, commercial and regulatory reforms (the partner countries wait for the E.U. support for development of their foreign trade at this chapter);
- Cooperation with the EU. In the area of justice, freedom and security (inclusively justice, emigration and illegal trafficking in human beings, problems of maximal actuality for Moldova, too);
- Modernisation of infrastructure (transport, energy, communications) and environment protection;
- Inter-human contacts (education, culture, research and technological development, civil society).

Every Action Plan contains a list of priority actions that the E.U. expects to be tackled first of all by governments of partner countries. The Moldova-E.U. Action Plan is described in details in the chapter below:

ABOUT MOLDOVA-E.U. ACTION PLAN

The E.U. – Moldova Action Plan (Action Plan or Plan further) was negotiated in 2004 and signed within the Moldova – E.U. Cooperation Council in Brussels on February 22, 2005. The negotiation process was not very transparent and did not involve wide layers of Moldovan society.

The Moldova – E.U. Action Plan was negotiated without public participation and under minimally transparent conditions ...

Some opinions say that the Plan presents the E.U. offer rather than the priorities of Moldova. At the same time, Moldova has assumed serious enough commitments. Indeed, the Action Plan is a “condensed” version of the Copenhagen criteria that the candidate countries should fulfil within almost one decade. The E.U. offer below Moldova’s expectations was related to two factors: 1) the need of the E.U. to digest the costs of the present enlargement; and 2) the lack of a certainty of the E.U. regarding the firmness of the European vector of Moldova. Or, this vector has appeared due to some **political circumstances** rather than like a **political idea**. Moldova still has to demonstrate that the European integration objective is a true national strategic objective and it will not be modified if the internal or external political conjuncture changes.

... while Moldova did not obtain a clear perspective of integration ...

Contrary to some widely spread opinions in Moldovan society, the Action Plan **does not substitute** the Partnership and Cooperation Agreement (PCA) between Moldova and the E.U. The Moldova – E.U. Cooperation Council which signed the Action Plan is a body instituted by PCA. Even more, the implementation of the Action Plan will contribute to fulfilment of the provisions stipulated by PCA, according to the signatory parties of the Plan.

The Action Plan is a positively ambiguous document. It does not stipulate a concrete integration of Moldova in the E.U., nor does it exclude such a perspective. The E.U. recognises the European aspirations of Moldova, and the document stipulates express that “the PCA will represent soon the base of cooperation between E.U. and Moldova.” The very good appreciation that the Moldovan Government has placed the Action Plan in the middle of its reformation strategies⁷ should be mentioned on the positive balance.

However, the ambiguity could suit it, if it is capable to implement appropriately a satisfactory package of reforms

We think that the political elite and Moldovan civil society should outline several favourable sides from the Action Plan that must be capitalised below:

- the E.U. enlargement will necessarily deepen the political and economic dependence of Moldova on the E.U.;
- the relationship between Moldova and E.U. can develop over „cooperation”, manifesting itself through a significant economic integration and deepening of the political cooperation;
- the Action Plan recognises the establishing of a strategic partnership between Moldova and E.U. and notes that its implementation will serve for constitution of a new political relationship;
- the nature of the future relationship will depend on Moldova’s devotion for common European values and its capacity to fulfil effectively the priorities established by sides;
- the quickness of the sides to go ahead to the future relationship will entirely depend on the efforts and accomplishments of Moldova in honouring its commitments.

The Plan was signed for a relatively short period (3 years), of which one year has already passed. In this context, the objective monitoring of the Action Plan is very important to check the quickness and direction of Moldova’s progress and to identify the shortcomings that could halt Moldova’s going ahead on the European path. At the same time, we consider that Moldovan negotiators should take into account several things while negotiating a new document with the E.U. at the next stages:

However, the ambiguity must be eliminated in future once the Moldova – E.U. relations progress ...

- The new document must contain as concrete as possible conditions, actions and indicators;

⁷ EC, November 22, 2005;

- If a precise formulation is impossible, Moldova must assure itself that it will be capable to interpret the ambiguity positively to itself;
- A clear delimitation of the area of action of the document from the areas of action of other national strategies (in particular, the EGPRSP) would be useful;
- The E.U. must get involved in the implementation of the document (including with technical and financial assistance in accordance with its complexity) beyond the monitoring.

The last element is very important because the present Action Plan is visibly asymmetrical as regards the obligations assumed by Moldova and the commitments of the E.U. Despite all internal problems that the E.U. faces at present, it holds economic and political resources to help Moldova implement the Plan successfully.

... while the E.U. support for Moldova must be in accordance with the complexity of tasks

METHODOLOGY

Reports on this issue published in 2006 aim at an independent and objective monitoring of the process of implementation of the Action Plan. The actions taken and implemented by the signatory parties of the Action Plan, the Moldovan Government and the E.U., will be monitored every trimester.

The Action Plan is a complex document structured in seven chapters on implementation of about 300 actions more or less clearly defined. Being unable to monitor such a complex document, the developers of this report have focussed on key actions of the Action Plan (*Priorities for Action*, page 3).

The Action Plan is a large and complex document....

The main areas in which the progress of implementation of the Action Plan was evaluated are:

1. **Democratic institutions;**
2. **Cooperation in settling the Transnistrian conflict;**
3. **Consolidation of administrative skills;**
4. **Judiciary;**
5. **Economic and social development;**
6. **International trade;**
7. **Regulatory reforms and business climate;**
8. **Border control;**
9. **Combat of organised crime, in particular, of trafficking in human beings;**
10. **Migration management.**

... and, therefore, the developers of this report have monitored ten key areas ...

The developers have tried to identify what they regarded as key progresses and failures. However, this does not mean that certain important segments have not been covered by this analysis. The developers have worked out a list of quality and quantity indicators for every field in order to assess the progress. Independent experts in the area have been consulted in this context. The quality indicators have been taken over from official statistical sources and other national and international reports. The quality indicators have been quantified on basis of assessments of experts. Every indicator was evaluated on the scale from -2 to +2, as follows:

... and worked out a list of quality and quantity indicators for monitoring of progress

- 2 major regress
- 1 moderated regress
- 0 no changes
- +1 moderated progress
- +2 Major progress

The indicator was calculated as a simple average of assessments of experts. The evolution of indicators for every field is indicated in the proper monitoring grid. The grid indicates the situation in 2004, evolution in 2005, factors that conditioned this dynamic and sources of information.

We have mentioned above that the Action Plan is a document formulated in ambiguous terms. It represents a (unfinished) strategy rather than a proper action plan.

... but ambiguity of the Plan does not allow a rigorous monitoring

Although the ambiguous terms and the lack of clear indicators could be politically advantageous, depending on circumstances, this situation complicates a comprehensive and objective monitoring process very much.

Therefore, the list of indicators formulated by developers to monitor the evolution of the Plan remains open for debates and recommendations of the public in continuation.

1. DEMOCRATIC INSTITUTIONS

1.1. Initiatives aimed to protect human rights

Problem of access of citizens to the Constitutional Court

On February 16, 2005, the Government gave green light to a draft law on amendment and completion of the Moldovan Constitution. Under the draft law, the Moldovan citizens were provided possibility to contest the definitive judgments in the Constitutional Court (CC). A national mechanism of jurisdictional control on respect for human rights and fundamental freedoms should be instituted by modifying Articles 135 and 136 of the Constitution. The CC judgments should be considered definitive internal decisions. The Justice Ministry said that the "creation of a national appeal aims to filter the appeals to the European Court of Human Rights (ECHR), which will be a last national appeal offered to people before appealing to the Strasbourg-based Court".

"creation of a national appeal court to filter complaints to the European Court of Human Rights (ECHR)..."

This draft law was tabled by a group of 35 parliamentarians with the purpose to implement a proposal launched by chief of state in July 2004. This initiative was part of repeated recommendations of international and local organisations, which have recommended the introduction of a new legislative regulation to allow individuals to appeal the Constitutional Court.

In this context, the chief of state convoked a sitting in August 2005 that debated on the problem of representation of Moldova in the ECHR. The convocation of this sitting has provided an occasion to continue the January 29, 2005 talks, when the annual meeting of judges took place. The chief of state told the sitting that:

- the situation when more and more citizens of Moldova are unsatisfied with the national justice and appeal to the ECHR that sentences Moldova cannot be tolerated any longer;
- the ECHR has adopted more than 20 sentences on Moldova and accepted more than 150 cases vs Moldova for examination;
- the urgent amendment of Constitution and the "implementation of the national mechanism of human rights protection" through the Constitutional Court, which would become a kind of "national mini-ECHR" are important, preventing the need of citizens to appeal to the ECHR;
- every sentence of Moldova by ECHR should challenge a reaction from the Supreme Court of Justice towards judges who have passed rulings that resulted with the sentencing of Moldova;
- the Prosecutor-General should file proceedings for adoption of judgments followed by sentencing of Moldova, demanding the full or partial repayment of the financial damage suffered by Moldova;
- The Parliament, Government and other specialised institutions should draft an action plan on implementation of the proposal of chief of state mentioned above.

In the context of present faults of the judiciary, many experts predicted a possible failure of the declared objectives of these amendments. They consider that the reduction of appeals of Moldovan nationals to the ECHR, rather than a better situation of justice, is the goal of governance. This argument was invoked in December 2005 when the Parliament turned down an initiative on modification of Constitution in terms of allowing citizens to appeal to the Constitutional Court. This example outlines the fact that the shortcomings of the judiciary generate the lack of confidence and undermine some initiatives that deserve support, in principle.

Shortcomings of the judiciary generate the lack of confidence and undermine some initiatives that deserve support, in principle.

Initiative on abolition of death penalty

The chief of state has launched an initiative proposing the Parliament to review Article 24 (3) of the Supreme Law in terms of abolition of death penalties under all circumstances. It said that the maintenance of this provision in Constitution is "a factor that affects the image of our country, while the proposed amendment will reconfirm the option of Moldova for respect for human rights and fundamental freedoms." It should be mentioned that the Action Plan does not clearly require the amendment of Moldovan Constitution in the terms proposed by chief of state, but it imposes in a general, shaded

manner the respect for human rights and fundamental freedoms in compliance with international and European standards, which are in a strident contradiction with death penalty.

Two draft laws on revision of Constitution have been submitted by Government (on October 5, 2005) and a group of parliamentarians (on November 16, 2005) and the Constitutional Court gave green light to both of them, with the purpose to exclude the provisions that admit the sentencing and death penalty in exceptional cases from Constitution. Under Constitution, the law on revision may be approved with at least 6 months and maximum one year after presentation of this initiative.

Insurance of freedom of press and expression

Developments in mass media in 2005 were mainly perceived through conduct of mass media in the electoral campaign for the March 6, 2005 parliamentary elections and repeated campaigns for new elections of a mayor of Chisinau; cases of privatisation of press; efforts to draft and modify the legislation on mass media and access to information.

These evolutions have been contradictory. Compared with the March 6 elections, when the conduct of public mass media was estimated as biased to the ruling party⁸, this behaviour was better at the new elections for the post of Chisinau mayor and tended to more fairness.

Although the process of privatisation of some mass media institutions was rather related to the "parliamentary consensus", the motivation from decisions of the Government⁹ regarding abolition of the state-owned enterprises „Nezavisimaya Moldova" and "Moldova Suverana" indicated the „fulfilment of state's commitments to prevent and limit the monopolist activity in the area of state mass media." However, all opposition parties, including supporters of the "parliamentary consensus", have contested the evolution of things. In this context, Deputy Speaker Iurie Rosca asked the prime minister in December 2005 to report to the Parliament on present organisational-legal form of newspapers "Moldova Suverana" and "Nezavisimaya Moldova", after the Government has withdrawn its quality of founder of these publications, and on eventual joining of a future holding by these newspapers. Such an evolution raises concerns because it transfers the „monopolist activity in the area of state mass media" to a commercial riverbed of a certain political orientation.

Besides these concerns raised by opposition political parties, the persistence of negative trends of the evolution of freedom of mass media is also demonstrated by fact that 13 diplomatic missions and international organisations in Chisinau released a declaration in October 2005 saying that: "The heads of missions of countries and organisations that signed the communication express concern in connection with the way the broadcast licences are awarded and frequencies are allocated in the Republic of Moldova. There are also serious questions related to transparency of such decisions and independence of the electronic media watchdog CCA. The regulation of mass media and awarding of licences and frequencies must be transparent and fair, so that to avoid any suspicions of political interference or commercial interest."¹⁰

The provisions of legislation on libel have not been modified. Instead, there were trends targeting at working out of new draft laws on state secret and secret of service (a draft worked out by the Information and Security Service) and laws on information (drafts worked out by the Ministry of Information Development). National nongovernmental institutions specialised in mass media have raised concern over these drafts, which international organisations turned down and warned the society "over imminent dangers related to their adoption," so that these drafts have been withdrawn from agenda of the legislative body.¹¹

The live broadcasting of plenary sittings of the Parliament on radio and television and the publishing of records of public plenary sittings on the website of the Parliament are events of major importance.

Finally, a group of lawmakers representing the majority faction and the Christian Democratic People's Party submitted on December 21, 2005 a draft audiovisual code as a legislative initiative, but this document was not made public so far.

⁸ http://www.osce.org/documents/odihr/2005/06/14919_mo.pdf

⁹ Monitorul Oficial # 77-79/539 of June 3, 2005 and # 86-88/649 of June 24, 2006

¹⁰ 2005 annual report „Freedom of expression and information in the Republic of Moldova". Independent Journalism Centre. http://www.ijc.md/serviciul_juridic/docs/RAPORT_ANUAL_2005.doc

¹¹ Ibidem

1.2. Human rights: activity of the Parliament

Laws adopted by Parliament

The law for the ratification of the Protocol # 14 to the European Convention on Human Rights was adopted in June 2005. This protocol was published by the Committee of Ministers of the Council of Europe in 2004, with the purpose to improve the control system established by Convention and to provide new means to the ECHR for a more operative examination of appeals.

A new article – 309¹, called "Torture" was completed to the Penal Code through the **law for the modification of the Penal Code**. The law regulates the punishments for deliberate provocation of a pain or strong physical or psychological suffering to a person, especially with the purpose to obtain information and testimonies from this or a third party, when such a pain or suffering is provoked by a high-ranking official or any other official, except for pains and sufferings resulting exclusively from legal sanctions inherent to them or occasioned by them.

The Penal Code was completed with a new article –309¹, called "Torture", which stipulates punishments for deliberate pains or strong sufferings ...

Law on prevention and combat of trafficking in human beings. This legislative act establishes the legal framework needed for prevention and combat of trafficking in human beings and insurance of protection of rights and interests of victims of trafficking in human beings.

The law on prevention and combat of trafficking in human beings aims to ensure protection of rights and interests of victims of trafficking in human beings

Law on the entry of the Republic of Moldova in the Optional Protocol of the Convention on the Elimination of All Forms of Discrimination against Women. The protocol stipulates recognition by parties of the competence of the committee on the elimination of all forms of discrimination against women to receive, analyse and formulate recommendations to parties on basis of some communications, including confidential, transmitted by persons or groups of persons who are victims of violation of the rights stipulated by the Convention on the Elimination of All Forms of Discrimination against Women.

Parliamentary control and hearings

In October 2005, the Parliament adopted the **decision on constitution of the investigation commission to study the situation of inmates from the detention facility # 13 in the Chisinau municipality**. The creation of the commission was motivated through the fact that there are more than 1,000 persons in this institution who are waiting for a judgment or delivery of their cases to the court. Many of these persons are being held for years because the penal investigation is delayed or the examination of causes by courts is lasting.

The parliamentary commission for human rights heard a report on respect for rights of inmates in the Republic of Moldova in December 2005. It was established that the situation in the area unfits the international norms and requires the reduction of agglomeration in penitentiary institutions; health insurance; introduction of education measures and reemployment of former detainees.

More than 1,000 persons are held in the detention facility # 13 in the Chisinau municipality and many of them wait for a judgment or delivery of their cases to the court for many years.

The Parliament adopted meanwhile the **decision on results of the control on situation of inmates from the detention facility # 13 whose cases are being examined by courts**. The special parliamentary commission that carried out this control has established breaches of legislation in force and violations of human rights and freedoms. Lawmakers found out that the situation is due to the "violation of legislation in force regarding the examination of penal cases within reasonable terms," as well as to the "lack of a strict control of competent courts and authorities."

The activity of the Justice Ministry in the area of insurance of detention conditions "unfits the requirements of legislation in force."

According to the Parliament Decision (which was surprisingly adopted at a secret sitting), the activity of the Justice Ministry regarding the insurance of detention conditions "unfits the requirements of legislation in effect," while the Superior Council of Magistrates was told to "control the examination of cases of inmates from the preventive detention facility." The practical effects of implementation of this decision will be studied.

The commission for human rights, with the invitation of civil society representatives, has heard reports of governmental authorities on fulfilment of the action plan on human rights for 2004-2008. The com-

mission members described the measures taken by the Ministry of Culture and Tourism, Ministry of Information Development, Justice Ministry, Public Company TeleRadio-Moldova and the Supreme Court of Justice as insufficient. Parliamentarians said that the reports were superficial and they did not present the real state of things.

The Parliament heard a report on activity of the Centre for Human Rights at the spring 2005 session and discussed the evolution of implementation of the national action plan on human rights for 2004-2008.

1.3. Initiatives of the Government

Draft law for the modification of the law on rehabilitation of victims of political repressions

The executive submitted a draft law on the modification of the law on rehabilitation of victims of political repressions to the Parliament in October 2005. The amendments will establish the mechanism of restitution of goods confiscated from victims of repressions and rehabilitated later. The legislation in force stipulates the right of these persons to get their property back in kind and the beneficiary must receive compensation, if such restitution is impossible. The mechanism of payment of compensations was the object of some conflicts that developed into the contestation in the Constitutional Court and declaration of a Government Decision that regulated the quantum and the mechanism of payment of compensations as unconstitutional.

The proposed amendments stipulate that the value of estate lower than 50,000 lei will be paid within one year. The value of goods worth more than 50,000 lei but maximum 200,000 lei will be repaid within three years, while the value of property worth over 200,000 lei will be compensated within five years. The overall quantum of implementation of this law is estimated at more than one billion lei, which will be gradually allocated from the state budget. The ECHR has sanctioned Moldova more than once until now for failure to restitute property to victims of political repressions or fair compensation of value of this estate.

Execution Department

The Government approved several measures in late 2005 for the implementation of the Execution Code, establishing the structure, maximal personnel and a series of amendments to the Regulation of the Execution Department. This structure functions in the Justice Ministry and aims to ensure the execution of judgments on civil, administrative and economic (commercial) causes. The department will be financed from the state budget and means raised in a special fund for the development of the execution system, where the execution fee of 5 percent of the real amount or value of property paid after forced execution will be transferred.

The need to improve the functioning of this department and execution system in general rests with the fact that tens of thousands of judgments and execution acts issued by different state institutions remain unexecuted at present, with this shortcoming being one of key counts that Moldovan citizens use to appeal the ECHR.

The members of the parliamentary commission for human rights have described the measures taken by the Ministry of Culture and Tourism, Ministry of Information Development, Justice Ministry, Public Company TeleRadio-Moldova and Supreme Court of Justice as insufficient.

The executive has submitted a draft law on the modification of the law on rehabilitation of victims of political repressions to the Parliament. The mechanism will establish the mechanism of compensation of value of property.

Tens of thousands of judgments and execution acts issued by different state institutions remain unexecuted at present.

1.4. Power-opposition dialogue¹²

A number of important laws on democratisation of the political life in Moldova, mostly drafted by opposition, was adopted as a result of the political partnership established through the declaration that the Parliament unanimously voted on March 24, 2005 and conditions for participation in the election of the Moldovan chief of state imposed by a part of the parliamentary opposition.

Law on the modification of some legislative acts on the Information and Security Service

The Information and Security Service (ISS) was awarded new competences through these amendments, in particular: a) the protection of state secret; b) the creation, functioning and insurance of security of the governmental communication systems; c) conduct of activities against terrorism. At the same time, the SIS was deprived of the right to conduct penal investigation of offences that rest with its and it was deprived of the right to hold a temporary detention facility.

This law did not introduce any provisions on demilitarisation of SIS, nor did it contain any norms capable to lay the bases of a future law on lustration, through deconspiracy of secret agents of the totalitarian regime. Also, the law did not introduce any new regulations on limitation of information in the "state secret" category, though abuses have been earlier signalled in this area. The amendments were superficial and they have suppressed indeed the penal investigation of some offences that rested with the competence of SIS.

Law for the modification and completion of the law on the Chamber of Auditors

The goal of these amendments was to introduce a new modality of creation of the Chamber of Auditors, with most of members being appointed by the parliamentary opposition; to ensure respect for the mode of creation, management and use of public financial resources; to ensure the legal use and accordingly to destination of public patrimony under conditions of economy, efficiency and efficacy.

Law for the modification and completion of the Parliament's Regulation

The modified regulation stipulates the mandatory live broadcasting of public plenary sittings, publication of records of plenary sittings on the website of the Parliament, creation of a parliamentary sub-commission to supervise the activity of SIS.

Besides these laws, it was decided that a new law on audiovisual will be worked out and adopted "in the first reading" at the spring session of the Parliament and will be exposed for public debates and delivered later to the Council of Europe for expertise. This and other initiatives will be implemented within the schedule of legislative actions for respect of obligations and commitments towards the CoE (adopted through the November 11, 2005 Parliament Decision # 284), which also stipulates:

- the finalisation of draft laws for the modification and completion of the audiovisual law and law on the TeleRadio-Moldova Company by late 2005;
- the CoE's expertise of these drafts in January-March 2006;
- the adoption of these laws in June-July 2006.

A series of important laws on democratisation of the political life in the Republic of Moldova, mostly drafted by opposition, were adopted as a result of the political partnership between governance and parliamentary opposition.

¹² The power-opposition dialogue operates in strategic areas related to the European integration, Transnistrian settlement, other fields stipulated by the Moldova – E.U. Action Plan, with the parliamentary opposition refusing, however, to vote the Government's composition and programme, state and social insurance budget laws, legislative programme by 2009, and other important legislative documents.

A group of lawmakers representing the majority faction and the Christian Democratic People's Party submitted the draft audiovisual code as legislative initiative on December 21, 2005, but this document was not made public so far.

1.5. Parties and elections

The March 6, 2005 parliamentary elections took place with some deviations from international standards. However, the International Election Observation Mission, a joint mission of the OSCE/ODIHR, the Parliamentary Assembly of the OSCE, the Parliamentary Assembly of the Council of Europe (PACE) and the European Parliament, has established that "the March 6, 2005 parliamentary elections in the Republic of Moldova were generally in compliance with most of commitments of the OSCE, standards of the Council of Europe and other international standards on elections. However, the authorities have failed to fulfil some commitments and standards indispensable for a truly competitive electoral process. In particular, the conditions for conduct of the electoral campaign and access to mass media were not fair enough; the negative trends registered at the 2003 local elections have been confirmed in this respect."

The March 6, 2005 parliamentary elections in the Republic of Moldova were generally in compliance with most of OSCE commitments, CoE standards and other international standards on elections, but with some shortcomings.

In this context, the Venice Commission, the OSCE and the parliamentary opposition have sought the modification of the electoral legislation, its adjustment to recommendations of these institutions.

Law for the modification and completion of the Election Code

The key amendments envisaged:

- the reduction of the electoral threshold down to 4 percent for parties and 6 percent and 8 percent for electoral blocs formed out of two parties and, respectively, at least three parties;
- the modification of the status of CEC. It will consist of nine members (1 member is appointed by the President of the Republic of Moldova, 1 by the Government and 7 by the Parliament, including 5 by the opposition parties, according to the percentage of the mandates they hold);
- the change of the modality of appointment of members of the electoral constituency bodies and polling stations;
- the broadcasting of the electoral programmes under generic "Election" only;
- the awarding of the right to CEC to sanction competitors for violation of the Election Code through warning or fines.

The July 10, 2005 new elections and the repeat elections for the Chisinau mayor held on June 24, November 27 and December 11 because of the electoral absenteeism demonstrated, however, that the electoral process has improved, especially regarding the coverage by electronic mass media, an action indicated by the OSCE Mission to Moldova.

The new elections for the post of the Chisinau mayor-general held more than once in 2005 have demonstrated an improvement of the electoral process, especially regarding the coverage by electronic mass media.

Financing of parties from the state budget

The Government has approved a draft law on financing of political parties and electoral campaigns, which is due to regulate the modalities of financing of parties and other social-political organisations (including during electoral campaigns), control on financing, restrictions and sanctions for violation of necessary legal orders. The draft stipulates that the state will subsidise the activity of parties every year with an overall amount of maximum 0.2 percent of the state budget revenues for the year concerned (as for example, this sum for 2006 would be maximum 1,936,000 lei). The draft law was worked out at the recommendation of the Council of Europe and international financial organisations and it aims to reduce the political corruption and abuses related to financing of electoral campaigns.

1.6. Recommendations of the Council of Europe and their implementation

The resolution and the recommendation of PACE on the report that monitors the fulfilment of Moldova's commitments were adopted on October 4, 2005. The resolution says that the Moldovan

authorities have advanced significantly on the path of democratic reforms but a number of important commitments have not yet been met in a satisfactory manner. PACE highlighted that the priorities should be the improvement of the functioning of democratic institutions; the independence and efficiency of the judiciary; the ensuring freedom and pluralism of the electronic media; the strengthening of local democracy; the fight against corruption and trafficking in human beings; the modification of the electoral legislation on parties, mechanism of international expertise of legislative documents. Also, the PACE called for a peaceful settlement of the Transnistrian conflict based on the inviolable principle of full respect for Moldova's territorial integrity and sovereignty, organisation of free and democratic elections in the region.

Representatives of the Moldovan Parliament appreciated this resolution as the best one ever adopted after Moldova joined the CoE (1995). In November 2005, the Parliament adopted the **Decision on the approval of the schedule of legislative actions in compliance with the Resolution and the Recommendations of the commission for the respect for obligations and commitments of member states of the Council of Europe**. The arrears in the field will be eliminated by the mid-2006, so that to seek the exclusion of Moldova from the list of monitoring countries on autumn 2006.

The Parliament has adopted the decision on the approval of the schedule of legislative actions in compliance with the Resolution and the Recommendations of the commission for the respect for obligations and commitments of member states of the Council of Europe.

The legislative documents that will be modified or adopted with the purpose to execute these tasks include:

- the Regulation of the Parliament;
- the law on status of parliamentarian;
- the law on parties;
- the Election Code;
- the law on status of the Chisinau municipality;
- the law on special legal status of Gagauzia;
- the legislation on independence and strengthening of the judiciary;
- the legislation on activity of security and reprimand services;
- the law on freedom of religion;
- the audiovisual law; the law on TeleRadio-Moldova Company; the law on mass media;
- the law on conduct of meetings;
- the Education Code.

Negative trends have also been registered besides positive tendencies. The examination of appeals of the Prosecutor-General seeking the consent to bring certain lawmakers to trial was exceptionally included in the agenda of the Parliament immediately after the PACE Resolution was published. The majority faction, with the vote of 54 lawmakers, gave green light on October 13, 2005 to some requests of the prosecutor-general seeking the agreement to bring a group of lawmakers representing the opposition faction of Our Moldova Alliance (AMN), including the leader of this parliamentary faction and the party with the same name, to trial. The debates in the Parliament have stirred up the talks on immunities and inviolabilities awarded to lawmakers and other categories of public dignitaries. The problems of annulment or essential limitation of the parliamentary immunity, deepening and improvement of guarantees needed to promote the political pluralism, necessity to revise the legislation on functioning of the Prosecutor's Office and courts were tackled on this occasion.

The withdrawal of immunity from a group of opposition lawmakers has outlined the need to revise the legislation on functioning of the Prosecutor's Office and courts.

1.7. Cooperation of public authorities with civil society

The concept on cooperation between the Parliament of the Republic of Moldova and civil society that the Parliament adopted on December 29, 2005, aims to establish the principles and the general mechanism of interaction between Parliament and civil society representatives, permanent consultations between these institutions. The decision on the approval of the concept establishes the obli-

gation to publish the appropriately registered draft legislative documents on the official website of the Parliament.

It should be mentioned in this context that the President of the Republic of Moldova signed on December 22, 2005 the decree on constitution of the commission for the drafting of the national security concept of the Republic of Moldova and self-appointed to head it. The commission also includes representatives of the Parliament and Government, scientific society and **civil society**. The national security concept will be drafted by March 1, 2006 and the Parliament is due to approve it later.

Presidential decrees on drafting of the foreign policy concept and the national security concept, with the participation of civil society representatives, have been issued.

Also, the President has created the national commission to draft the foreign policy concept of the Republic of Moldova that the Minister of Foreign Affairs and European Integration will head. Like in the precedent case, the commission that will draft the concept by March 1, 2006, includes officials of the Government, Parliament and representatives of **civil society**.

Although the Prime Minister has indicated more than once the need of cooperation with civil society and consultation of draft governmental decisions, the Government did not work out a clear and efficient mechanism so far and most of governmental decisions are learned when the Government examines and adopts them.

Monitoring grid 1 Democratic institutions

Indicators	State in 2004	Progress in 2005	Factors of influence	Sources
Stability and efficiency of democratic institutions	Stability of democratic institutions persisted, being ensured by the constitutional parliamentary majority of the ruling party and results of mediation through the representative of the Council of Europe Secretary-General within the permanent roundtable.	<ul style="list-style-type: none"> The parliamentary elections were in compliance with democratic standards in general; The constitution of new compositions of the supreme administration was in line with constitutional norms; A political consensus was established between main parliamentary forces; The political consensus determined the promotion of democratic reforms in key areas, but with deficiencies as regards the quality. 	<ul style="list-style-type: none"> Internal political consensus; International conjuncture. 	Estimates of developers
Supremacy of the state based on the rule of law	<ul style="list-style-type: none"> Frequent modification of the legislative-normative framework generating juridical instability; Frequent modifications of the Supreme Law (twice in 1994-2000; five times in 2001-2004); Registration of renationalisation of some privatised objects, attempts to intimidate investors; Limited access of citizens to legislation (Article 23 of Constitution). 	<ul style="list-style-type: none"> Amendments to the legislation promoted as a result of the political consensus called for a control on governance by opposition; The executive made certain decisions without enough consultation with the Parliament or even abrogating its competence (adoption of decisions on allocation of financial means from the budget, with further "legislation" in the Parliament). 	<ul style="list-style-type: none"> Internal political consensus; Recommendations and interventions of international institutions; 	<ul style="list-style-type: none"> Records of plenary sittings of the Parliament (www.parliament.md); Periodicals; Statements of political parties; Monitoring reports of international institutions.
Guaranteeing of human rights and fundamental freedoms	<ul style="list-style-type: none"> There were many violations of human rights (social-economic rights, presumption of innocence, freedom of meetings, individual freedom and security of person, freedom of opinion and expression, right to information, right to work were violated most often); Efficiency of specialised governmental institutions was low; New legislative documents included additional guarantees for protection of human rights, but they were not efficiently applicable; Situation of human rights in the Transnistrian region was very grave. 	<ul style="list-style-type: none"> The National Action Plan on human rights was being implemented; Several important legislative documents were adopted (the law on rights and responsibilities of patient, the law on fight against trafficking in human beings); The obligation to call on lawyer in order to contest judgments was excluded from the Code of Penal Procedure. Situation of human rights in the Transnistrian region remained deplorable; 	<ul style="list-style-type: none"> Resolutions and recommendations of CoE, PACE, E.U., OSCE; Attitude of international institutions; Implementation of the Moldova-E.U. Action Plan; Implementation of EGPRSP; Secretisation of public information; 	<ul style="list-style-type: none"> The National Action Plan on human rights; reports of ombudsmen, local organisations on human rights. The country report on practices of respect for human rights drafted by the U.S. Department of State (http://www.state.gov/g/drl/rls/hrrpt/2004/41697.htm); Report of the Helsinki Committee for Human Rights

				(www.humanrights.md)
<ul style="list-style-type: none"> Prevention of torture and degrading treatments 	<ul style="list-style-type: none"> Many cases of ill-treatment and use of inhuman and degrading treatments, torture were registered in penitentiary institutions and preventive detention facilities. 	<ul style="list-style-type: none"> The Penal Code was completed with a special article that declared the torture offence; The Parliament controlled the situation of detainees and passed special decisions in the area; The Supreme Court of Justice sought the revision of arrest practices; 	<ul style="list-style-type: none"> Recommendations of international institutions; More active involvement of specialised public associations; 	<ul style="list-style-type: none"> Country report on practices of respect for human rights worked out by the U.S. Department of State; Reports of the Helsinki-Moldova Committee (www.humanrights.md)
Insurance of equal chances	<ul style="list-style-type: none"> De jure, equal chances were ensured. A number of political parties have written clauses on equal chances in party documents. 	<ul style="list-style-type: none"> The law on insurance of equal chances to woman and man was drafted and adopted in the first reading; 	<ul style="list-style-type: none"> Recommendations of international institutions; Stance of some political forces and organisations of farmers. 	<ul style="list-style-type: none"> Moldova's legislation; Periodicals; Records of plenary sittings of the Parliament;
Insurance of the rights to association	<ul style="list-style-type: none"> a new law on parties was absent (the draft adopted in the first reading in 2000 was not promoted anymore); there were tries to oblige political parties get registered every year; unions were divided, with the conflicts between the two federations being based including on political reasons. 	<ul style="list-style-type: none"> The moratorium on activity of political parties was extended; A draft law on financing of parties was worked out; Trade unions participate as social partners of the Government, though their stance at negotiations was not fully relevant; 	<ul style="list-style-type: none"> Recommendations of international institutions (PACE, OSCE); Attitude of authorities towards loyal unionist organisations; Social consensus. 	<ul style="list-style-type: none"> Estimates of experts; periodicals; documents of international institutions (PACE, OSCE).
Respect for rights of workers	<ul style="list-style-type: none"> Although there was a new legislation in the area (Labour Code), the protection of workers was not ensured enough (employment was not official, social guarantees were not provided, a part of salaries were paid „in the shadow“; The efficiency of specialised state bodies and associations of workers (trade unions) was low, they were reduced to negotiation of collective labour contracts on basis of Government's proposals. 	<ul style="list-style-type: none"> The Code of Administrative Contraventions was modified and the sanctions for violations in the area became severer; The law on Labour Inspection was modified (additional rights were awarded); The Parliament reported to the Parliament on respect for labour legislation; The Government drafted the law on salary payment to budgetary sector that established a certain rise of the basic wage. 	<ul style="list-style-type: none"> Implementation of EGPRSP; Implementation of the Action Programme of the Government. 	<ul style="list-style-type: none"> Moldova's legislation; Records of plenary sittings of the Parliament.
Freedom of press	<ul style="list-style-type: none"> The legislation and practices in the area were old, they required essential revision. Proceedings were filed against some newspapers which invoked abuses of functionaries. Some journalists were denied accreditation to public institutions without plausible reasons. There were cases of ill-treatment of journalists. 	<ul style="list-style-type: none"> the live broadcasting of plenary sittings of the Parliament, publication of records on website; journalists could watch the Government's sittings online; the modification of legislation on audiovisual and public broadcasting institutions was included in the schedule of legislative actions in line with the Resolution and the Recommendations of the commission for the respect for obligations and commitments of member states of the Council of Europe. <ul style="list-style-type: none"> the idea to oblige all publications obtain a new registration with the Justice Ministry was given up; privatisation of some mass media companies founded by public authorities; mass media was awarded victory in several important trials on access to information. cooperation between public institutions and mass media representatives was insufficient. 	<ul style="list-style-type: none"> Political consensus; Interventions of the Council of Europe, E.U. 	<ul style="list-style-type: none"> Resolutions and recommendations of PACE, OSCE; Report of the Independent Journalism Centre; jurisprudence of national courts; periodicals;

2. TRANSNISTRIAN CONFLICT

The Transnistrian settlement negotiations restarted in a new format in October 2005, after it has been blocked for more than one year. The resumption of the negotiation process was preceded by a series of important events that allowed the sides to restart the talks.

2.1. Ukrainian conflict settlement plan

The European Union Council appointed a special representative of the E.U. to Moldova on March 23, 2005. His mandate should be focussed on coordination of the E.U. contribution to the Transnistrian settlement. The special representative of the E.U. to Moldova, Adriaan Jacobovits de Szeged, said while on a visit to Chisinau on April 11-12, 2005 that the E.U. does not have a concrete Transnistrian settlement plan but it stands ready to make useful proposals and it will back any Transnistrian settlement plan that will propose an efficient and functional delimitation of powers between the centre and the periphery, regardless of the principle of resolution – federation, autonomy, etc.

The E.U. will support any Transnistrian settlement plan that will propose an efficient and functional delimitation of powers between the centre and the periphery, regardless of the principle of resolution – federation, autonomy, etc.

Since no Transnistrian settlement plan was available, Ukrainian President Viktor Yushchenko unveiled seven general principles under generic “Forward Settlement through Democratisation”, which should serve as basis for a future solution to the Transnistrian crisis, at the summit of GUUAM heads of state that took place in Chisinau on April 22, 2005:

- the commitment of the Tiraspol authorities to democratise the society, to develop civil society and multi-party;
- the organisation of free and fair elections in the Supreme Soviet of Tiraspol as representative body of the region “under conditions of law stipulated by Transnistria’s status” as soon as possible;
- the monitoring of these elections by the E.U., the OSCE, the Council of Europe, Russia and the U.S. besides Ukraine;
- a more active participation of the E.U. and the U.S. in the settlement process;
- the transformation of the present format of peacekeepers into an international mechanism of military and civil observers under aegis of the OSCE and with the participation of more Ukrainian and “Transnistrian” military;
- the organisation of an international mission to inspect the enterprises working in the military-industrial complex;
- the conduct of a short-term monitoring mission of the OSCE to the Transnistrian section of the Moldovan-Ukrainian border.

Vienna hosted a new round of consultations between the sides participating in the conflict and the mediators of the Transnistrian settlement on May 16-17, 2005. The meeting focussed on the Ukrainian plan on Transnistrian settlement. The OSCE Mission to Moldova had a positive reaction to Ukraine’s proposals. Representatives of the Republic of Moldova, the Transnistrian region, the OSCE and Ukraine have decided to invite the E.U. and the U.S. to observe the negotiation process.

Although the Transnistrian authorities had a positive reaction to the proposals of President Yushchenko at the very beginning, Tiraspol turned down the idea to extend the negotiation format through inclusion of the U.S. and the E.U., as well as the democratisation plan, which would result with the opening of an electoral race for the Supreme Soviet for candidates and parties from the Republic of Moldova.

On June 10, 2005 the Moldovan Parliament adopted a declaration on the criteria of democratisation, the principles and the conditions of demilitarisation of the Transnistrian region.

On June 10, 2005, the Moldovan Parliament adopted a declaration on the Transnistrian settlement plan of Ukraine and two appeals to the international community regarding the criteria of democratisation, the principles and the conditions of demilitarisation of the Transnistrian region of the Republic of Moldova. The three documents were unanimously voted at a special parlia-

mentary sitting on the Transnistrian settlement plan proposed by Ukraine and cover the stance of parliamentary factions towards this plan.

Although all parliamentary factions have approved the Ukrainian plan, mainly due to the proposal to settle the Transnistrian crisis through democratisation of the region, some reservations were raised against this document. Thus, the adopted documents aimed both to reflect the stance of the legislature towards the Yushchenko plan and to cover the lacks of the Ukrainian plan, proposing a series of measures to complete and improve it, as for example the call to the Ukrainian authorities to take measures needed to secure the Transnistrian section of the Moldovan-Ukrainian border.

2.2. Law on the basic provisions of the special legal status of localities on the left bank of the Dniester river (Transnistria)

The Moldovan Parliament adopted the law on the basic principles of the special legal status of the Transnistrian region on July 22. The draft law was tabled by President of the Republic of Moldova Vladimir Voronin and it contains provisions agreed by members of a parliamentary ad-hoc commission with the participation of representatives of all factions of the legislature.

The Moldovan Parliament has adopted in two readings the law on basic principles of the special legal status of the Transnistrian region.

Under the adopted law, the Transnistrian region is proclaimed administrative-territorial unit inside of the Republic of Moldova, which exerts its competences in compliance with the constitutional provisions of Moldova. The Transnistrian autonomy would include only the localities that would accept this condition at a referendum. The Transnistrian autonomy would be represented by a local parliament called Supreme Council. The OSCE would hold the first elections in this body but only after the pullout of the Russian troops, the demilitarisation and the democratisation of the region. The law stipulates the adoption of a new law on the special legal status of Transnistria, which would delimit the competences between the central public authorities and the Transnistrian authorities and would stipulate a system of internal guarantees created on basis of the negotiation format. Under the law, it may be modified with the votes of 3/5 of lawmakers¹³.

The Transnistrian autonomy would be represented by a local parliament that would be called Supreme Council. The OSCE would organise elections in this body but only after the pullout of the Russian troops, the demilitarisation and the democratisation of the region

As regards the reaction of other participants in the present pentagonal negotiation format, the main objection of Ukraine, Russia and the Transnistrian region is that the law was unilaterally voted by Moldova's Parliament without consulting the Transnistrian side. Ambassador Nesterushkin, representative of Moscow at negotiations and the administration of the Moscow foreign department hinted that such important laws cannot be adopted "unilaterally".

2.3. Guarantees for population of the Transnistrian region and regulation of commodity flows

The Moldovan Government urgently adopted two decisions on July 30: 1) "Concerning the confirmation of key guarantees for Transnistria's population" and 2) "Concerning the regulation of commodity flows that represent the object of the foreign trade activity of Transnistria." The decisions represent an initiative of President Voronin and they were adopted to execute the law on the basic principles of the special legal status of Transnistria that the Parliament adopted on July 22, 2005.

The Moldovan Government has adopted two decisions: 1) "Concerning the confirmation of key guarantees for Transnistria's population" and 2) "Concerning the regulation of commodity flows that represent the object of the foreign trade activity of Transnistria."

The guarantees adopted by Moldova's Parliament envisage the rights to property of individuals and legal entities from Transnistria registered when this law was enforced, the maintenance of the present level of social protection and the access to other social services for all categories of population in Transnistria. In addi-

¹³ Institute of Public Policies, www.ipp.md;

tion, the maintenance of jobs for employees of security, militia and law enforcement departments of Transnistria, functionaries of the prosecutor's office, judges is guaranteed by keeping the length of work, as well as their access to similar posts in bodies on the right bank of the Dniester river.

Earlier, the Ukrainian Government has adopted a series of decisions regulating the export-import operations at the Moldovan-Ukrainian border, but they did not take effect so far. Under decisions, the exportation of goods from Moldova is allowed on basis of the Moldovan customs stamp only, while the commodities exported from the Transnistrian region to Ukraine will be allowed to cross only the checkpoints where the Moldovan customs are present. Therefore, the heads of the Chisinau and Kiev executives adopted a Joint Declaration on December 30, 2005 saying that the transit of Moldovan goods at the Moldova-Ukraine border will be allowed on basis of the Moldovan customs documentation only, starting January 25, 2006. Ukraine has postponed the implementation of provisions of the December 30, 2005 Joint Declaration for certain reasons, rather internal political causes (related to the forthcoming elections).

2.4. Monitoring of the Transnistrian section of the Moldovan-Ukrainian border

European Commissioner for External Relations and European Neighbourhood Policy Benita Ferrero-Waldner, Moldovan Foreign Minister Andrei Stratan and Ukrainian Foreign Minister Boris Tarasyuk signed the Understanding Memorandum between the E.U., the Republic of Moldova and Ukraine on the E.U. Border Assistance Mission, in Palanca on October 7, 2005.

The E.U. Border Assistance Mission to Moldova and Ukraine will have a two-year mandate that may be extended and will cost about six million euros.

E.U. High Representative for Foreign Policy and Common Security Javier Solana and E.U. Commissioner for External Relations and European Neighbourhood Policy Benita Ferrero-Waldner launched the E.U. Border Assistance Mission to Moldova and Ukraine in Odessa on November 30, at a ceremony with the participation of foreign ministers of Moldova and Ukraine. The Mission will aim to prevent the smuggling, the trafficking and the customs frauds at the Moldovan-Ukrainian border, including the Transnistrian section. It will consist of 69 E.U. experts working in the area of customs control and border police and about 50 Moldovan and Ukrainian specialists. They will move in mobile teams from a border station to another checkpoint for repeated inopinited controls (after transports and documents cross the border and will provide consulting and training to Moldovan and Ukrainian customs officers. The Mission will have a two-year mandate that may be extended and it will cost about 6 million euros. The general staff of the Mission will be based in Odessa and it will have five regional offices. The Mission will be in deep cooperation with E.U. Special Representative to Moldova Adrian Jacobovits de Szeged, who will be assisted by border advisers from Kiev, Chisinau and Odessa.

2.5. Resumption of the "five-plus-two" negotiations

The E.U. and the U.S. have been invited to observe the Transnistrian settlement negotiation process. This decision was made at consultations between representatives of the conflicting sides and mediators on behalf of the OSCE, the Russian Federation and Ukraine, which Odessa hosted on September 27-28, 2005. The status of observer of the E.U. and the U.S. was established on basis of a protocol of the OSCE on rights and obligations of observers in the negotiation process. According to the status, the observers hold the right to attend the official sittings, to address them and to intervene with questions. However, the observers cannot sign the documents adopted in the negotiation process, nor participate in making decisions. Thus, the new negotiation format is asymmetrical, being called "five-plus-two".

The sides have agreed at the same meeting to resume the negotiation process in the new five-plus-two format in Chisinau and Tiraspol on October 27-28, 2005. The first round of five-plus-two negotiations has failed. Chisinau and Tiraspol hosted a new round of five-plus-two Transnistrian settlement negotiations between December 15 and 16. The participants in the negotiation round have adopted a final protocol asking the OSCE to work out until the next round of negotiations a draft mandate of the international assessment mission to Transnistria to evaluate situation for organisation of democratic elections in the region. The protocol stipulates that the Transnistrian side will provide complete information about its troops and

The negotiation process on settlement of the Transnistrian conflict was resumed after more than one year in a new format „five-plus-two“. The E.U. and the U.S. have accepted the quality of observers without the right to participate in making decisions and signing documents.

weapons in compliance with a package of draft documents on measures of confidence and security that the OSCE tabled to the sides in July 2005. The participants called on the OSCE chairman-in-office to deploy a monitoring mission to the military-industrial complex in the region and discussed the security in the security zone, with the OSCE launching a series of recommendations for the sides in this respect.

The presidents of Russia and Ukraine delivered a joint declaration during the second round of negotiations on December 15-16, 2005, regarding the Transnistrian settlement process. According to the declaration, the Russian Federation salutes the Ukrainian initiatives on the Transnistrian problem while Ukraine describes the latest proposals of Russia in this respect as “substantial”, but fell short of revealing them. Russia and Ukraine have reaffirmed their support for agreements on this problem and consider that the durability of a solution to the conflict will be ensured only through a complex system of guarantees. The two presidents emphasised the role of the present peacekeeping operation in the region and considered opportune its transformation into a peace guaranteeing mission under aegis of the OSCE after the settlement of the Transnistrian conflict.

The Moldovan side did not officially comment the declaration of the two presidents, but Reintegration Minister Vasile Sova described it as interference in the interior affairs of the Republic of Moldova. According to some interpellations, the dissatisfaction of the Moldovan side was due to the Russian Federation’s intention to award the status of peacekeepers to the 1,500 Russian peacekeepers deployed to Transnistria and to try later to persuade the OSCE to keep them in the region under its aegis. Russia will be able to declare that it has fulfilled its Istanbul commitments after this manoeuvre if it keeps its military presence in Moldova.

The third round of five-plus-two negotiations took place in Tiraspol and Chisinau and it failed like the precedent two rounds.

2.6. OSCE ministerial meeting in Ljubljana

The OSCE Ministerial Meeting that took place in Ljubljana on December 5-6, 2005 failed to adopt a final Political Declaration for the third year in a row. The Russian Federation has opposed the inclusion of a clause on the lack of progress regarding the pullout of the Russian troops and ammunition from the Transnistrian region of the Republic of Moldova in the text of the declaration.

The OSCE chairman-in-office, Slovenian Foreign Minister

Dmitrej Rupel said in his final statement that “most of ministers have indicated the lack of progress in the process of withdrawal of the Russian forces from Moldova in 2005” and “ministers reaffirmed the common determination to promote the fulfilment of these commitments in the near future in order to allow the ratification of the Adapted Conventional Forces in Europe Treaty.”

Most of foreign ministers of the OSCE member countries have indicated the lack of progress in the process of withdrawal of the Russian forces from Moldova in 2005.

Four states only - Russia, Belarus, Ukraine and Kazakhstan – have ratified this Treaty until now. All other signatory states have conditioned the ratification of this Treaty with the complete and unconditional withdrawal of the Russian troops and ammunition from Moldova and Georgia.

In this context, Russian Foreign Minister Sergey Lavrov said that Russia does not pay too much importance to the failure of the meeting to adopt a Final Declaration. Lavrov noted that Russia did not sign the final document because it included an “unacceptable” clause on modalities of settlement of the Transnistrian conflict. Lavrov said that Russia has fulfilled all the commitments assumed in Istanbul regarding the CFE Treaty and has withdrawn all the hardware stipulated by this Treaty from Moldova. The rest of ammunition that remains in the region will be withdrawn when “necessary conditions” will be available, it means when the Transnistrian settlement negotiations will restart.

Monitoring grid 2 Cooperation in settling the Transnistrian conflict

Indicators	State in 2004	Progress in 2005	Factors of influence	Sources
Meetings of mediators and their efficiency	<ul style="list-style-type: none"> Mediators held five meetings in Sofia, Belgrade, Chisinau and Varna and tried to draft new approaches of the negotiation process after the failure of the Kozak Memorandum; Two rounds of negotiations took place with the participation 	<ul style="list-style-type: none"> The mediators have tried to resume the Transnistrian settlement negotiation process on January 25-26; A large delegation of the Russian Federation visited Chisinau and Tiraspol on October 11-14 to discuss problems related to the Moldovan-Russian relations, in particular, the 	The negotiation process restarted due to initiatives of Ukraine and the role of this country in supervising the Transnistrian regime.	<ul style="list-style-type: none"> Newsletters of the OSCE, The news agencies BASA, Infotag; periodicals

	<p>of mediators and side in May and June. The two sides tabled their written opinions on previous proposals on the political plan drafted by mediators under aegis of the OSCE;</p> <ul style="list-style-type: none"> • A delegation comprising 26 ambassadors to the OSCE visited Moldova on June 9-12 to collect fact on settlement of the Transnistrian conflict. 	<p>Transnistrian problem;</p> <ul style="list-style-type: none"> • The political negotiations on Transnistrian problem restarted in Chisinau and Tiraspol on October 27-28. The negotiations took place in a larger format for the first time, with representatives of the United States and the European Union joining the Moldovan and Transnistrian sides and mediators on behalf of the OSCE, the Russian Federation and Ukraine as observers. • A new round of five-plus-two negotiations on the Transnistrian settlement took place in Chisinau and Tiraspol between December 15 and 16, with the participation of representatives of the Moldovan and Transnistrian sides, of the mediators OSCE, Russia and Ukraine and observers on behalf of the U.S and the E.U. 		
Initiatives of mediators and their impact	<ul style="list-style-type: none"> • the OSCE Mission in Chisinau unveiled on February 16 the Transnistrian settlement plan worked out by mediators on autumn 2003; • The OSCE Parliamentary Assembly (PA) adopted a resolution on the Republic of Moldova at the July 5-9 annual session in Edinburgh. The OSCE deplored the impasse of the Transnistrian settlement process in its resolution; • The Republic of Moldova stopped participating in the negotiation process on July 21, 2004 until the Tiraspol administration fulfils all provisions of the July 1992 agreement on principles of the peaceful settlement of the Dniester war; • The "war" against Moldovan schools based in Transnistria started. • The 12th Ministerial Meeting of the OSCE that took place in Sofia on December 6-7 did not adopt a final document because of the lack of a political consensus between member states on tackled problems. 	<ul style="list-style-type: none"> • The Ukrainian President launched the initiative „7 steps” forward settlement of the Transnistrian conflict on April 22; • Vinnitsa hosted a new round of negotiations between conflicting sides and mediators of the Transnistrian conflict on May 16-17. The Ukrainian settlement plan was launched at the meeting; • The December 5-6 OSCE Ministerial Meeting in Ljubljana ended without a final Political Declaration for the third year in a row, as the Russian Federation opposed the inclusion of a clause on the lack of progress of the process of withdrawal of the Russian troops and ammunition from the Transnistrian region of Moldova in the text of the declaration; • The Moldovan Parliament adopted a declaration and appeals on the Ukrainian plan on settlement of the Transnistrian conflict; • The Moldovan Parliament passed the law on basic provisions of the special juridical status of the Transnistrian region in two readings on July 22; • The Moldovan Government adopted two urgent decisions on July 30: 1) "confirming the main guarantees for population of Transnistria" and 2) "regulating the commodity flows that represent the object of the foreign trade activity of Transnistria" 	The governance in Ukraine changed after the November-December 2004 parliamentary elections.	<ul style="list-style-type: none"> • Newsletters of the OSCE; • The news agencies BASA, Infotag; • periodicals
Cooperation between E.U. and Moldova aimed to avoid some states of conflict	<ul style="list-style-type: none"> • The E.U. Parliament has adopted a Resolution on the Republic of Moldova, expressing its support for sovereignty and integrity; • trilateral consultation E.U-Moldova-Ukraine took place on October 15 	<ul style="list-style-type: none"> • The E.U., the Republic of Moldova and Ukraine signed the Understanding Memorandum on the E.U. Border Assistance Mission, in Palanca on October 7; • E.U. High Representative for Foreign Policy and Common Security Javier Solana, and E.U. Commissioner for External Relations and European Neighbourhood Policy Benita Ferrero-Waldner, launched the E.U. Border Assistance Mission to Moldova and Ukraine at a ceremony and a news conference in Odessa on November 30, with the participation of Moldovan and Ukrainian foreign ministers. 	The E.U. commitment in the E.U-Moldova Action Plan	<ul style="list-style-type: none"> • Newsletters of the OSCE; • The news agencies BASA, Infotag; • periodicals
Russia's respect	<ul style="list-style-type: none"> • No progress was registered. 			

for the Istanbul commitments on Moldova	<p>Russian Defence Minister Sergey Ivanov told the February 6-7 annual conference of NATO in Munchen that Russia could demand the renegotiation of the Istanbul agreements, in particular, the Adapted Conventional Forces in Europe Treaty (CFE).</p> <ul style="list-style-type: none"> • A trainload with about 100 tons of artillery shells and Russian mines was withdrawn from the Transnistrian region in March. That was the first trainload with Russian ammunition withdrawn from Transnistria that year after a 3-month pause. • Russian Foreign Minister Sergey Lavrov reiterated Russia's stance that the synchronisation of the ratification of the Adapted CFE Treaty with finalisation of the withdrawal of the Russian troops and weapons from Georgia and Moldova is groundless, at the informal meeting of foreign ministers of the Russia-NATO Council in Brussels on April 2. 			
Security at the Moldovan-Ukrainian border	The security level in the Transnistrian section of the Moldovan-Ukrainian border could not be estimated correctly, with Moldova lacking access to this inspection and Ukraine rejecting a joint control.	The E.U. Border Assistance Mission to Moldova and Ukraine was instituted in December 2005 for a 2-year mandate, with the possibility to extend it.	Agreements reached within the trilateral framework Republic of Moldova-Ukraine-E.U. and action plans signed with the E.U.	Publications of the Institute of Public Policies, www.ipp.md

3. CONSOLIDATION OF ADMINISTRATIVE CAPACITY

3.1. Efforts to reform the central public administration

The object of consolidation of the administrative capacity was permanently invoked by the central authorities of the Republic of Moldova in the past 3-4 years. Evolutions in this area had a contradictory nature and generated the criticism of specialised European institutions.

Year 2005, which was decreed as year of local public administration, marked a turning point. An initiative to create the Ministry of Local Public Administration was launched. It was motivated that such a ministry is needed for the integration of efforts of bodies of the central and local power bodies aimed at a general modernisation of the country and implementation of strategic projects (EGPRSP, Action Plan, National Programme „Moldovan Village”, national society information programme, etc.), “which require the presence of a single centre of coordination of planned transformations.”

It was invoked in the same context that “the Apparatus of the Government, the Justice Ministry, the Parliament, and many other structures deal with problems related to activity of local public authorities and this fact generates confusions and a complete lack of coordination.” The conclusion was that the institution of this ministry “will stimulate in a considerable measure the consolidation of local democracy, promotion of a consistent policy aimed at enhancing the management standards of local administration authorities, affirmation of principles and European tackling in relations between bodies of local and central powers.”

“the Apparatus of the Government, the Justice Ministry, the Parliament and many other structures deal with problems related to activity of local public authorities and this fact generates confusions and a complete lack of coordination.”

Talks on central public administration reform that, the public authorities said, should develop in two rounds have started in parallel. A structure of maximum 17 ministries must be created instead of 16 ministries and 14 departments within the first round and they will have to reduce gradually the staffs by 70 percent, so that the entire process of reformation of the executive be completed by November 14, 2005. The reduction of personnel should be followed by a rise of salaries of public functionaries up to 400-1,500 dollars and strict selection of highly qualified specialists for employment of new personnel.

Lawmakers adopted the **law for the modification and completion of the law on Government** in April 2005, after President Voronin has unveiled the concept on reformation of the Government. Under amendments, the Government consists of 15 ministries and other 13 subordinated central institutions. The law adopted by Parliament does not establish the hierarchy of these structures, but it corresponds to the following scheme: ministry – national bureau (centre / chamber) - service - agency.

The Agency for Regional Development was created in June 2005, while its Regulation was approved in September 2005. The Government proposed the dissolution of the Agency in January 2006, while the Ministry of Local Public Administration should take over its functions.

...the Agency for Regional Development was created. Its dissolution was proposed later...

The chief of state raised the tasks and basic directions of the central public administration reform for a new examination at a special sitting of decision-makers of the Parliament, Government and Presidency in early December 2005. It was decided that the reform be based on the “European model”, outlining the creation of the Ministry of Local Public Administration at the first stage, which will be in charge with cooperation between local and central public authorities. The chief of state proposed that the results of activity of working group serve as ground for definition of the next stage of reduction of personnel of central public administration bodies. However, the chairman of the commission for public administration, ecology and territorial development has invoked the need of an enhanced transparency of the reformation process and participation of the legislative body in this area as single competent authority to modify the legislation that regulates the activity of central and local public administrations. The objection was not fulfilled.

The Government adopted the **Decision # 1402 on the approval of the strategy on the central public administration reform in the Republic of Moldova** on December 30, 2005. A plan on the implementation of the strategy was adopted in line with this decision, while the unit of coordination of the public administration reform (group of experts in the Apparatus of the Government) was empowered:

the Government has adopted the Decision # 1402 on the approval of the strategy on the central public administration reform in the Republic of Moldova.

- to monitor the implementation of the central public administration reform;
- to provide methodological assistance needed by ministries and other central administrative authorities in the process of implementation of this reform;
- to inform the governmental commission for central public administration reform about evolution of this reform with regularity.

The first deputy prime minister was entrusted to control the execution of this decision.

3.2. Condition of local public administration

The recent reports and documents of the Council of Europe (CoE) regarding the condition of local democracy in the Republic of Moldova¹⁴ and of the CoE's specialised body Congress of Local and Regional Authorities in Europe (CLRAE)¹⁵ outline a series of deviations from the European Chart on Local Self-Governance both at level of legislation, and at the level of relations between central and local authorities, in particular in the administrative-territorial unit of Gagauzia. The reports also signalled an unsatisfactory condition of financial and administrative autonomy of local authorities, which are denied the power of decision on own administrative structures. The reports indicate pressures on local public functionaries representing opposition parties through filing of penal cases on their names, practices that they describe as „disproportionated” and „unconstitutional”.

These reports make a series of recommendations on adjustment of national legislation and practice to provisions of the Chart by adopting a series of measures capable to ensure a clear distribution of responsibilities between central and local authorities; insurance of financial autonomy of local public bodies; prevention of political persecutions of local public authorities; adjustment of legislation on and in the Gagauzian autonomy to Constitution and legislation of Moldova, as well as to principles of the Chart; revision of legislation on status of the Chisinau municipality, etc. As the Action Plan makes a direct reference to recommendations of CLRAE, the fulfilment of these objectives from Plan will be assessed through implementation of these recommendations by Moldovan authorities.

The Moldovan authorities qualify the existing local public administration system as capable "to meet the expectations, offering appropriate levers for an efficient direction and coordination of activity in territory." At the same time, the chief of state has solicited the opinions of public administration officials regarding the opportunity to create a specialised ministry in the area, but the parliamentary opposition expressed much reticence and it did not support the parliamentary majority to vote this draft law.

3.3. Transparency

The chief of state said when the acting executive was created that the new cabinet is reformed on modern principles of public management. However, the reform was reduced in the first half of 2005 to modification of the name of central authorities, amalgamation of independent departments within ministries and reduction of the number of personnel, measures preceded by an economic-institutional expertise and it was not transparent enough.

The things became more transparent in July 2005. The Government adopted new decisions on organisation of hearings. They establish that the prime minister, two deputy ministers; ministries, other central administrative authorities; chiefs of districts; deputy chiefs of districts; public administration authorities of first level hold hearings at certain hours of certain days. The Government has periodically examined the efficiency of audience and control in the area.

¹⁴ Functioning of democratic institutions in Moldova, Doc. 10671, 16 September 2005, <http://assembly.coe.int/Main.asp?link=http://assembly.coe.int/Documents/WorkingDocs/doc05/EDOC10671.htm>

¹⁵ Local democracy in Moldova.....www.coe.int

The Government has started public consultations on monitoring of the process of implementation of the strategy on central public administration reform in the Republic of Moldova after this document was adopted. The unit for coordination of the public administration reform has proposed media institutions to play the role of partner in the process of reformation of central public administration, to facilitate the dialogue between Government and factors interested in the central public administration reform, to discuss progresses and reforms that appear during reform.

The Government has started wide consultations on monitoring of the process of implementation of the strategy on central public administration reform in the Republic of Moldova after this document was adopted.

The Prime Minister asked interested institutions in January 2006 to propose candidacies to the committee for the supervision of the central public administration reform, which will be constituted of representatives of the parliament, Presidency, Government, communities of donors, civil society and will follow the key goal to monitor the implementation of the central public administration reform.

This committee aims: a) to ensure a transparent process of implementation of the central public administration reform; b) to facilitate the participation of different interested factors in implementation of reform; c) to discuss progresses and problems appeared during implementation of this reform; d) to identify some optimum solutions to problems that appear within this reform; to facilitate the participatory monitoring; e) to improve the process of communication and coordination of actions between interested factors; f) to work out recommendations on the reform implementation process and their presentation to the governmental commission for the central public administration reform for examination. The functioning mechanism of this committee will be determined in a functioning regulation.

The mass media is not admitted in the sitting hall at governmental sittings, communications on adopted decisions are released very seldom and they are not qualified enough, while draft governmental decisions are not available in an electronic format and a consultation mechanism is absent.

Monitoring grid 3. Consolidation of administrative capacity

Indicators	State in 2004	Progress in 2005	Factors of influence	Sources
Administrative efficiency	<ul style="list-style-type: none"> ▪ local and central public administration was not adapted to modern rigours. ▪ sustained strategic approaches were absent. ▪ efficiency of decision-making process, mechanism of planning of long-term activity was not improved. ▪ modifications were determined by political changes, not by long-term strategies. ▪ decentralisation did not have a general systematic nature. ▪ information technologies were insufficiently used. 	<ul style="list-style-type: none"> ▪ A new structure of central public administration (15 ministries and 13 central specialised structures) was created in April 2005. Reorganisations aimed to reduce the number of personnel and expenses, to enhance the administrative efficiency followed the modifications. ▪ The national strategy on building of information society - e-Moldova – and the action plan for the implementation of the strategy (necessary financial resources were not allocated) were drafted and approved. ▪ No general and essential changes in management of public institutions were observed. Periodical attestations and checking of professional capacities were not implemented. 	<ul style="list-style-type: none"> ▪ Mobilisation of authorities; ▪ Implementation of governmental programmes and strategies (governing programme, EGPRSP, Moldova-E.U. Action Plan); ▪ recommendations of international financial institutions (IMF, WB). 	<ul style="list-style-type: none"> ▪ Moldovan legislation; local public administration reform strategy; - EGPRSP; - action programme of the Government; ▪ Speech of the Moldovan President in the Parliament (April 8, 2005), other speeches and sittings; ▪ studies, reports and assessments of international organisations (CoE, IMF, WB).
Politicising of the public administration	<ul style="list-style-type: none"> ▪ Legislation on public service did not ban functionaries to be members of parties, but it prohibited the creation or functioning of structural subdivisions of parties within staffs (the legal norm is not respected exactly). ▪ the public administration was excessively politicised, there were cases of intimidation and persecution of functionaries who are members of other political parties, promotion of functionaries who support the ruling party. ▪ reorganisations and restructurings were used to sack functionaries without professionalism test (example: the name and the structure of the 	<ul style="list-style-type: none"> ▪ Legislation in the area was almost unchanged. ▪ Laws on mode of creation of the Central Electoral Commission and Chamber of Auditors introduced certain political criteria in appointing functionaries. Although the legislation stipulated a majority of opposition and the obligation to suspend from party, the political relations remained strong. In addition, the term of functions could exceed the governing period and some conflicts could occur. 	<ul style="list-style-type: none"> ▪ Lack of an adequate legislative framework on guarantees of professional public service; ▪ Dominant position of the ruling party; ▪ Staff policy promoted by other criteria than professionalism; ▪ Consolidation of the vertical of the state power; 	<ul style="list-style-type: none"> ▪ Moldovan legislation; ▪ statements of political parties. ▪ shorthand records of plenary sittings of the Parliament.

	<p>ministry in charge with education were changed four times in four years).</p> <ul style="list-style-type: none"> ▪ non-transparent employment, public contests were not organised despite regulations. 			
Interference of economic-administrative and political interests	<ul style="list-style-type: none"> ▪ there was no special law on conflict of interests. ▪ functionaries participated in activity of state-owned economic facilities. ▪ the employment in administration of state-owned economic structures was not based on a public contest. ▪ the state administration intervened in the process of restitution of patrimony, including trials. ▪ the law on declaration of incomes of dignitaries was imperfectly applied. 	<ul style="list-style-type: none"> ▪ The competent public authorities continued to implement the guillotine law, while the number of normative documents and entrepreneurship taxes was reduced very much (but it was still high enough). ▪ A draft law regulating the entrepreneurial activity (exclusively through laws and governmental decisions) was worked out. ▪ According to international reports, Moldova progressed on the way of economic freedom. 	<ul style="list-style-type: none"> ▪ implementation of strategies and measures against corruption; ▪ implementation of the regulatory reform; ▪ accomplishment of governmental programmes and strategies (governing programme, EGPRSP, Moldova-E.U. Action Plan); ▪ more decisive interventions of businessmen. 	<ul style="list-style-type: none"> ▪ Moldovan legislation; ▪ Speech of the Moldovan President in the Parliament (April 8, 2005); ▪ speech of the Moldovan President to the forum of businessmen (September 30, 2005).
Stability of governing policy	<ul style="list-style-type: none"> ▪ some stability of governing policy was observed, as the Government and parliamentary majority remained unchanged for a long period. ▪ the interior and foreign policy was not fully coherent, there were conflicts. <ul style="list-style-type: none"> - governmental decisions and actions were based on long-term strategies, while previous decisions in the area were taken into consideration. - many important decisions were made ad-hoc, at the urgent initiative of higher decision-making factors, without enough preliminary analyses and necessary coverage (financial, technical, human). 	<ul style="list-style-type: none"> ▪ The Action Programme of the Government until 2009 and the action plan for its implementation were adopted. ▪ The parliament approved the legislative plan until 2009 with references to the documents on which it is based and terms of provisions of the legislative programme for 2005-2009. ▪ The Government approved the medium-term expense framework (2006-2008) and ordered the elaboration of an expense framework for 3 years in a row (including for local administration). 	<ul style="list-style-type: none"> ▪ Maintenance of the same ruling political forces. ▪ Accomplishment of governmental programmes and strategies (governing programme, EGPRSP, Moldova-E.U. Action Plan); ▪ international cooperation, assistance of international organisations. 	Moldovan legislation. National programmes and strategies.
Probity and transparency of governing. Combat of corruption	<ul style="list-style-type: none"> ▪ transparency of activity of local and central public administration was low. ▪ there were general trends to keep in secret and hide information excessively. ▪ many lawsuits on hiding of public information from press were developed. ▪ many high-ranking functionaries were sacked without official arguments, though they were hinted of being dishonest or involved in dishonest actions. ▪ public opinion was not appropriately informed about estate declarations of functionaries, while the process of submission and checking of declarations was faulty. ▪ legislation and different anti-corruption strategies were approved but they were not very efficient. 	<ul style="list-style-type: none"> ▪ a new national strategy on prevention and combat of corruption, action plans for its implementation in 2005-2006 were approved and enacted. ▪ the concept on cooperation between Parliament and civil society instituted regulations aimed to enhance the transparency, but no legislative or normative documents were approved to contribute to the implementation of the included orders. ▪ all central public institutions appointed persons in charge with prevention of corruption and protectionism. ▪ an anti-corruption alliance was created with the participation of public associations. ▪ the opinion of population regarding the measures taken against corruption was still negative, though the corruption perception index in Moldova was improving. 	<ul style="list-style-type: none"> ▪ political consensus established in the Parliament; ▪ recommendations of international institutions; ▪ implementation of the governing programme and the Moldova-E.U. Action Plan. ▪ Activity of the Centre for the Struggle Against Economic Crimes and Corruption 	<ul style="list-style-type: none"> ▪ Moldovan legislation; ▪ Jurisprudence of courts; mass media publications. ▪ National strategy on prevention and combat of corruption.

4. JUSTICE

Several laws were adopted within the power-opposition strategic partnership in 2005, aimed to adjust the Moldovan judiciary to the European recommendations and standards:

The Parliament adopted the **law on the modification of some legislative acts** on justice, which modifies the previous regulations, introduces new regulations on organisation of the justice and status of judge. The declared goal of these amendments is to strengthen the independence of judges and autonomy of the judiciary. This is the essence of amendments:

- to oblige the President and the Parliament to motivate the refusal to appoint the judicature of courts and courts of appeal or of the Supreme Court of Justice only for grounded reasons of incompatibility. Violation of legislation or breaching of the procedure of selection and promotion.
- to oblige the the President of the Republic of Moldova to motivate the refusal to name a judge of courts or courts of appeal or to appoint before age limit only if he holds incontestable evidence of incompatibility of candidate or judge who runs this post, violation of legislation and breaching of legal procedures of selection and promotion of candidate or judge.

The law on the modification of some legislative documents on justice, which modifies the previous regulations, introduces new regulations on organisation of justice and status of judge.

The modification of the Law on the Superior Council of Magistrates (SCM) envisaged two key elements:

- *Modification of the mode of constitution of SCM.* Seven judges out of 12 members of CSM will be elected by the General Assembly of Judges in the Republic of Moldova through secret vote, 2 members will be elected by Parliament among entitled professors, one at the proposal of the parliamentary majority and another at the initiative of the parliamentary opposition. It was decided that the judges elected by the General Assembly of Judges will be attached on basis of the rotating principle, by three members at once for a one-year term.
- *Status of the General Assembly of Judges.* The law established that the General Assembly will ensure the implementation of the principle of self-administration of the judiciary, having the exclusive competence to elect 7 members of SCM. At the same time, the Assembly will not be able to take any other decision related to the organisation of the judiciary. It was also established that the Assembly will be convoked, as a rule, once in four years, it will be deliberative if at least 2/3 of the total number of judges attend it and it must be demonstrated that the judges who do not participate were announced about convocation beforehand. A new public self-administration body that did not exist until now was instituted indeed through these norms and not even the judges who will have to ensure their activity later were consulted on this constitution.

Modification of the Law on the Superior Council of Magistrates envisages two key elements: the mode of constitution of the Council and the status of the General Assembly of Judges.

However, the effects of these adjustments will not be observed while the judiciary continues to cross a crisis, a conclusion demonstrated under some circumstances:

- There are many unexecuted judgments and this situation is explained through quality of these decisions and faulty examination of causes.
- The number of appeals to the European Court for Human Rights (more than 150 appeals have been accepted) is on the considerable rise, as petitioners have more confidence for the ECHR than for national courts. The ECHR is starting sentencing the Republic of Moldova (there are 24 judgments of this kind at present). The authorities intend to entrust competences of “super court” to the Constitutional Court, which would examine the legality of the definitively settled causes, preventing this way the appealing of citizens to the ECHR.
- Statistics demonstrate that the Supreme Court of Justice annuls a lot of judgments of courts of appeal and last appeal courts because the courts fail to elucidate all aspects invoked in the complaint or last appeal.
- Judges are always involved in political causes, while representatives of SCM or courts do not take any attitude towards accusations of press, nor after the cases are completed.

- Salaries of judges are low: 1,500–1,800 lei (120 euros) is paid to the first court; 2,000-2,500 lei (166 euros) to the Court of Appeal; 2,700-3,200 lei (213 euros) to the Supreme Court of Justice, while additional social guarantees (apartments, fields for houses, credits) have almost disappeared.
- The number of appeals upon the justice is on the considerable rise, while the number of judges does not grow and proposals of appointment to vacant posts are hardly examined and in a long period.
- The existence of intermediaries who can ensure the appointment and promotion of judges for certain rewards or solutions to examined cases is signalled in many statements delivered under condition to remain anonymous.
- Representatives of the governance do not accuse judges so often any longer (most of them are appointed or reconfirmed in offices by acting state authorities), no magistrate is really made responsible under Criminal Code now on corruption charges, while surveys confirm the lack of confidence for justice (around 30 percent of population) and high corruption level inside the system.

Monitoring grid 4 Consolidation and independence of justice

Indicators	State in 2004	Progress in 2005	Factors of influence	Sources
Capacity to impose respect for law	<ul style="list-style-type: none"> ▪ Causes were examined for a long term, while the principle of popularity and the efficiency of the justice were essentially spoiled. ▪ The legal norms on execution were old, while new regulations were late. ▪ Dozens of judgments remained unexecuted (30,000 unexecuted judgments on civil causes only). ▪ the authorities launch bitter criticism against judges, describing the judiciary as faulty, corrupt, contributing indirectly to the reduction of trust in justice. 	<ul style="list-style-type: none"> ▪ The enforcement of the new Execution Code, the approval of normative documents for its execution, the insurance of activity of the Execution Department, the creation of the development fund for execution system. ▪ The number of unexecuted judgments declined in late 2005 compared with 2004, but it remains high enough (about 18,000 judgments on civic causes only). ▪ The Justice Ministry and the Parliament examined the problem of execution of judgments. ▪ The situation of detainees was the object of some parliamentary controls, the Supreme Court of Justice adopted a decision on examination of causes of arrested suspects by courts. ▪ The committee for complaints was created to examine the complaints of inmates. 	<ul style="list-style-type: none"> ▪ More decisive measures for activity of juridical executors. ▪ Rise of the number of appeals to the ECHR and number of sanctioning of the Government for failure to execute judgments of national courts. ▪ Resolutions and recommendations of PACE (Resolution 1465/2005). 	<ul style="list-style-type: none"> ▪ speech of the Moldovan President to the annual conference of judges (January 29, 2005); ▪ message of the President to the Parliament regarding justice (October 15, 2003). ▪ speech of the President of Moldova to the solemn sitting dedicated to the 10th anniversary of Constitution (July 29, 2004). ▪ documents of ECHR, PACE.
Political independence of judges	<ul style="list-style-type: none"> ▪ Judges were under a certain political influence, appointments and promotions were not transparent, the Presidency (the Parliament in case of judges of SCJ) held levers to reject an inconvenient candidacy or to sack judges from obscure reasons (about 70 judges were fired in 2001-2004 without any decisions that would demonstrate their guilt). ▪ the opinion of party functionaries from territory, lawmakers in charge with certain areas and special services was solicited for examination of candidacies of some judges. ▪ The financing of courts was insufficient, the Finance Ministry, executive and Parliament only were in charge with establishing the resources. ▪ the vertical control exerted and implemented within public administration was extended to the judiciary. 	<ul style="list-style-type: none"> ▪ The Superior Council of Magistrates consisted mostly of judges, the parliamentary opposition could name only one representative in SCM (the new composition of SCM was faultily created; a new mechanism of functions was not worked out. ▪ the political influence is not essentially reduced, the appointments and promotions remained at discretion of political factors in 2005. 	<ul style="list-style-type: none"> ▪ The signing of the Moldova-E.U. Action Plan, resolutions of the Council of Europe and results of the 2005 parliamentary elections had a positive influence; ▪ establishing of the political partnership. 	<ul style="list-style-type: none"> ▪ Report "Work paper of European Commission personnel", European Neighbourhood Policy (2004); ▪ Moldovan legislation; ▪ Report „Control on independence of the judiciary in the Republic of Moldova” drafted by Freedom House Moldova&Open Society Initiative (2003). ▪ „Indicators of justice reform for Moldova”, Report ABA/CEELI, 2003.
Relevant legis-	▪ New Criminal, Civil Codes, Code	▪ the laws on the judiciary, ju-	▪ implementation of	Moldovan legislation

lative changes	<p>of Penal and Civil Procedure, Labour Code, were adopted, but training of judges and functionaries of law enforcements was absent</p> <ul style="list-style-type: none"> ▪ The Constitution and law on juridical organisation were modified in late 2002, instituting a three-stage system of courts (tribunals were suppressed). Many judges were fired after reorganisation. ▪ Laws that allow an unmotivated rejection of proposals to appoint a judge before age limit were adopted in 2001 and 2003. ▪ The same modifications established the right of the chief of state to name or to turn down proposals on appointment of judges to administrative posts (chairmen and deputy chairmen of courts). 	<p>radical organisation, SCM were modified. The Council of Europe avoided confirming that the adopted modifications had an essential effect on independence, demanding more important revisions.</p> <ul style="list-style-type: none"> ▪ budgets of courts were separately included in the state budget for 2005-2006 and this allowed a better administration. The share of budgets was insufficient for a normal functioning of courts. ▪ the Parliament scheduled the implementation of recommendations and resolutions of the CoE, of which six points envisage the reformation and improvement of the judiciary. 	<p>the Moldova-E.U. national action plan, EGPRSP;</p> <ul style="list-style-type: none"> ▪ political partnership in the Parliament; ▪ recommendations of international institutions, (Council of Europe, assessment missions of IMF, World Bank). 	
Level of education of specialists in the system	<ul style="list-style-type: none"> ▪ The Centre for Training of the Judiciary was financed and endowed insufficiently. The centre was mainly endowed from foreign financing, as the budget allocations were very small. ▪ Periodical training and attestation of judges were not systematic despite of legislation. ▪ the Supreme Court of Justice only had assistants and referents of judges. ▪ Salaries of judges and assistants were low, experienced judges looked for better-paid jobs. 	<ul style="list-style-type: none"> ▪ The training, especially through institutions of civil society, was intensifying. Many organisations participated in the process of training of judges and prosecutors (IRP, ABBA/CEELI, CSPJ, etc.). ▪ Judges were not aided by referents and professional assistants with higher legal education, who would conduct preliminary organisational and technical measures. 	<ul style="list-style-type: none"> ▪ Mobilisation of authorities, of the Supreme Court of Justice and Justice Ministry. ▪ Special attention of international institutions (especially of CoE and E.U.). ▪ intervention of civil society organisations. 	<ul style="list-style-type: none"> ▪ Materials of the February 3, 2006 annual conference of judges. ▪ Speech of the Moldovan President to the annual conference of judges (January 29, 2005). ▪ Message of Vladimir Voronin to the Parliament regarding justice (October 15, 2003); ▪ Moldovan legislation.

5. ECONOMIC AND SOCIAL DEVELOPMENT

According to the Action Plan, the **priorities** of the Moldovan Government in the economic and social area are:

- the resumption of cooperation with financial institutions;
- the implementation of actions for poverty reduction;
- the consolidation of economic growth in private sector;
- the insurance of fiscal sustenance;

5.1. Cooperation with international financial institutions

The relations of Moldova with international financial institutions have seriously degraded in 2001-2003. They were marked by major disagreements related to goals, priorities and tools of economic policies. The IMF's financing programme for Moldova was suspended in 2003 at the initiative of the Fund, while last country strategy of the World Bank was completed in 2001 (the new strategy took effect in 2005).

After years of „frozen” relations between Moldova and international financial institutions...

The official address of economic policy changed significantly in 2004, with the governance assuming a new reforming rhetoric that the IMF and the Bank have saluted. The major progress of the Government in 2004 consisted of public debate and finalisation of the Economic Growth and Poverty Reduction Strategy (EGPRSP). The document was widely saluted by community of international financial and donor institutions. At the same time, they called on the Moldovan Government to assure itself that its practical actions correspond to priorities of EGPRSP¹⁶. The practical requests of economic policy of the Government ran counter the spirit of EGPRSP, the way many economic observers and representatives of the national business community established. Year 2005 was marked by certain progresses and positive expectations.

... some progresses were registered in 2005 and positive expectations were outlined from both sides.

Relations with the World Bank

The World Bank approved the new Country Strategy for Moldova in November 2004, which covers the priorities of EGPRSP. However, the Bank's assistance will mostly focus on some local/community programmes and initiatives until the Moldovan Government demonstrates its plenary succession to the reforms stipulated by EGPRSP, according to the Country Strategy. This change of approaching is a serious reason for the Government to think about improvement of its image and credibility. The Bank intends to release 90 million dollars in 2005-2008 within the strategy. Another 47 million dollars could be additionally allocated, if the Moldovan Government demonstrates major successes in consolidating the business environment and administrating the public sector (two priority directions of the Action Plan and EGPRSP).

Although it approved a new country strategy, the World Bank has substantially changed the approach of its projects in Moldova ...

According to the Country Strategy, the Bank was due to allocate 10 million dollars for the Public Finance Management Project (PFMP) in 2005. The Bank gave green light to an 8.548 million dollars credit within this project on June 16, as well as to an additional credit worth 3 million dollars within the first cadastral project. According to official information of the Bank, PAPF and the additional credit are offered by the International Development Agency (IDA) for a zero interest, 40-year maturity term and a 10-year grace period. The goal of PFMP is to introduce some modern and efficient methods of public financial management, training of personnel to administrate budgets and governmental programmes and setup of an internal auditing system.

The representative of the World Bank to Moldova was convoked in the Moldovan Parliament in December 2005 for the first time to answer questions of lawmakers. Many parliamentarians sought the pardoning of Moldova's debts toward the World Bank and the inclusion of Moldova in a list of poor and

¹⁶ To see, for example, IDA and IMF, 2004;

heavily indebted countries whose debts the Bank is ready to pardon. The lawmakers argued that Moldova has contracted debts for ungranted terms in early transition. According to some studies by independent analysts, Moldova was truly included in the category of countries with medium revenue in the early 1990s, though it was part of countries with low incomes¹⁷ in reality. Moldova has contracted debts under market conditions (IBRD conditions), not under concessional conditions (AID conditions) because it was attributed a wrong qualificative until 1997.

Relations with IMF

Moldova was visited by three assessment missions of IMF in 2005 (July, October and December). Official statements inspired with a moderated optimism from both sides regarding the negotiation and approval of a new memorandum of economic policies between IMF and the Republic of Moldova. The December mission held consultations on Article IV of the IMF Agreement and started preliminary talks on a new programme of economic policies of the Government, which the Fund could sustain within the Poverty Reduction and Growth Facility (PRGF).

... while the IMF has started preliminary talks on the new Memorandum for Moldova

The final assessment of the December mission was published and it indicates accomplishments of the Government and NBM in ensuring the macroeconomic stability, robustness of fiscal and monetary policies.¹⁸ We think that certain targets related to structural policies and those that represent the traditional specialised field of the World Bank will be included in the new programme besides traditional macroeconomic targets (inflation, budgetary deficit, trade deficit, international reserves). We understood from talks in 2005 that the IMF considers that:

- the unprofitable state-owned enterprises must be privatised; (the Government made an inventory of state property in 2005, saluted by IMF and World Bank)
- new investments are needed to modernise the infrastructure;
- the Government must stop subsidising bankrupt enterprises via the Board of Creditors (these subsidies do distort the economic conduct of beneficiary enterprises and violate the principles of fiscal equity);
- IMF officials expressed distrust for some fiscal policy tools, in particular, over intention to introduce the VAT accounts, saying that this is a contradiction with the regulatory reform initiated in 2005.

... and criticised the Government for certain fiscal policy tools

If the Moldovan Government is capable to persuade the IMF of coherence of its economic policies the next months, a memorandum of policies could be signed by June 2006. At the same time, the Government and NBM should negotiate the best conditions of the memorandum by taking into account the priorities of EGPRSP. The provisions of the Memorandum must facilitate, not halt the implementation of the Strategy. The signing of a memorandum with IMF is necessary because:

The Government holds real chances to see the new programme with IMF approved in 2006

- This would be a positive signal for international investors;
- It would allow the activation of programmes of other financiers (as for example, the E.U. conditions its financial assistance with a memorandum with IMF);
- A memorandum with IMF would facilitate the access of Moldova to the Paris Club of Creditors for restructuring of bilateral debts;
- The loans of IMF for sustenance of balance of payments could be indispensable in 2006-2007 after the prices of natural gas and other imports have grown;

¹⁷ See, Weeks and others, 2005;

¹⁸ See IMF, 2005;

5.2. Poverty reduction

Poverty is the worst consequence of Moldovan transition. The 1998 Russian crisis had worsened the bad situation in Moldova after years of halfly implemented economic reforms. The maximal poverty indicator was reached in 1999, with more than 70 percent of population living below national threshold of absolute poverty. The incidence of poverty has substantially declined until 2004, down to 26 percent. However, the poverty rose in rural localities in 2004 compared to 2003. The poverty evaluated at the international rate of 2.15 dollars per person a day (Purchase Power Parity PPP) has declined after 1999. Another two important indicators, depth and severity of poverty, have also declined (Table 1).

The Plan stipulates the poverty reduction as priority direction of action for the Moldovan Government.

According to official reports, the poverty reduction in 1998-2004 was due 2/3 to the economic growth and 1/3 to the redistribution of revenues¹⁹. This assertion is disputable, we did not see any exceptionally efficient policies on redistribution of income to be implemented, while the reduction of taxation quotas was rather in the benefit of the rich than of the poor. The inequality of earnings, an important side of poverty, has declined, but it remains at high rates compared with inequality registered in the E.U. Also, the poverty reduction and inequality trend is very vulnerable. We may observe from Table 1 that the most important poverty reduction was registered in 2000-2003. Though there was a strong economic growth in 2004-2005, it did not bring a proper reduction of poor population. The inequality rose in 2004.

The economic growth ensured in 2000-2005 a substantial poverty reduction ...

Also, it should be mentioned that the Gini coefficient of 0.403 in 2004 measures rather the inequality of consumption expense than of monetary revenues (hiding this way the fact that a part of consumption of households is ensured by goods produced inside the household). The inequality of distribution of revenues, as indicated by official statistics, has grown. The Gini coefficient for revenues in 2004 was 0.54 and registered a spectacular decline from 0.7 in 1999.

... but inequality of earnings remained high

Table 1 Evolution of poverty indicators

	1999	2000	2001	2002	2003	2004
Incidence of poverty, % of the overall population, national rate of absolute poverty	73	68	55	40	29	26
Depth of poverty, %	32	27	19	12	7	7
Severity of poverty, %	18	14	9	5	3	2
Incidence of poverty, % of the overall population, international threshold of absolute poverty 2.15 dollars	53	45	32	21	11	11
Gini coefficient	0.436	0.419	0.428	0.421	0.389	0.403
Ratio between available incomes of 20 percent of better or less assured population, fold	11,0	10,4	11,4	10,4	7,9	8,6

Sources: MET, 2005 and NBS, 2005

It is hard to evaluate Moldova's progress in reducing poverty in 2005 because the results of suveys of budgets of households (SBGC) were not published yet. According to our estimates, the poverty stagnated at the level of 23-25 percent in 2005 (at the national threshold of absolute poverty).

The fact that the Government publishes reports on poverty very late is a shortcoming that obstructs the monitoring of policies seriously. The 2004 poverty report was published in November 2005. We think that the Ministry of Economy and Trade (MET) holds enough technical and statistic resources to carry out at least biannual if not quarterly analyses of evolution of poverty. This way, the public could be informed better, while the policies would be adapted to current evolutions on time. Or, the poverty in Moldova, according to statistics, is a very dynamic phenomenon and the conclusions for 2004 could be less relevant for policies for 2006.

¹⁹ MET, 2005;

5.3. Consolidation of economic growth

Accordingly to the Table 1, the estimated growth of GDP for 2005 was at a record level. At the same time, many economists say that the quality and durability of the present economic growth are doubtful. Truly, we may observe a long-term trend of decline of the share of value-added in the total of GDP. The investment rate is being strengthened starting 2002 and this positive trend should be encouraged.

On the other hand, we observe that most of industrial branches use below 70 percent of installed capacities. This paradox is simply resolved: the installed capacities exist physically but they are morally and physically used. Also, the use of capacities below potential could indicate a small demand for Moldovan production. In turn, the low demand may be explained through the fact that the Moldovan products are not competitive enough on foreign and domestic markets.

According to preliminary estimates, the economic growth in Moldova was on the rise...

Table 2 Indicators of economic growth

	1999	2000	2001	2002	2003	2004	2005e
GDP, % compared with the same period of the precedent year	-3.4	2.1	6.1	7.8	6.3	7.3	8.5
Gross value-added, % of GDP	87.5	88.0	87.1	87.3	85.2	85.2	85.0
Final consumption of GDP	90.0	103.1	101.1	103.2	110.3	105.8	106.5
Gross investments in fixed capital, % of GDP	18.4	15.4	16.7	16.3	17.1	18.6	24.5

Source: NBM and estimates of authors;

The final consumption is still very high. As the internal supply is incapable (regarding quantity and quality) to meet the consumption demand, the imports have simply bursted out. They rose by 30% in 2005. However, the exports grew by only 12%. From this reason, the trade deficit reached astronomic sizes, exceeding 1.2 billion dollars. The current account deficit has worsened at the same time with the trade deficit.

... but quality and durability of the growth still are disputable ...

Both the rise of GDP and the growth of trade deficit and its financing were different manifestations of the same phenomenon – emigration of labour force and remittances from abroad. In comparison with the precedent periods, the dependence of economy on emigration deepened in 2005. This dependence generally implies the same risks like in countries depending on collections from petrol²⁰.

... while dependence on the rise of remittances from emigrants has deepened ...

When the remittances will stop growing or will even decline, the situation of households, trade balance and public budget will worsen, if no measures aimed to encourage the internal supply in parallel with creation of well-paid jobs are taken meanwhile. One of the worst risks associated with emigration is that transfers create a moral hazard at the level of:

- households (citizens who receive remittances from abroad do not look insistently for economic opportunities inside the country);
- bank system (commercial banks offer more and more consumption credits even under risky conditions);
- government (which benefits of large budgetary revenues raised from taxation of consumption and must not work hard to implement very necessary economic reforms);

The settlement of problems related to remittances is a true challenge for the Government. International financial institutions and the E.U. have recommended the Government to ensure the concentration of transfers in the productive sector. However, few countries in the world which depend on remittances have managed to invest the revenues from emigrants. These revenues in Moldova will be consumed in continuation in future as well until the emigrants will come back home to invest them in own business.

... in parallel with moral hazard of households, banks and, in particular, of Government

²⁰ See IMF, February 2005;

5.4. Insurance of fiscal durability

The Government promoted a relatively prudent fiscal policy in 2005. A satisfactory macroeconomic stability was ensured through monetary policy aimed to combat inflation and fiscal policy aimed to ensure a budgetary balance and to reduce the public debt.

In 2005 the Government had a prudent fiscal stance, which eased the task of the National Bank to control the inflation

The Government has drafted the Long-Term Expense Framework for 2006-2008. This is the third exercise of planning of the medium-term fiscal framework and one of the tasks established by Action Plan was fulfilled this way. The Government has integrated the state budget, local budgets, social insurance budget and extra-budgetary funds in the national public budget, and this is another task stipulated by Plan. Under provisions of the Plan, the budgets are based on cautious macroeconomic forecasts (perhaps exaggeratedly cautious) that suit the EGPRSP.

The improvement of efficiency, transparency and public information about public expenses is a major arrear of the Government. Also, the incidence of poverty through precise allocation of public expense was not reduced. More precisely, the poverty has declined but from other reasons. The fiscal administration and the enlargement of the fiscal base, in particular, through elimination of fiscal exemptions, are another significant arrear. The Government awarded exemptions and other fiscal facilities both to international investors and to some domestic companies under obscure conditions.

But transparency of decisions and adequate information of public are major arrears concerning the fiscal policy

Monitoring grid 5 Economic and social development

Indicators	State in 2004	Progress in 2005	Factors of influence	Sources
Incidence of poverty	26% of population lived below poverty threshold.	According to our estimates, the incidence of poverty stagnated at the level of 24-25%.	<ul style="list-style-type: none"> Lack of progress is caused by narrow basis of economic growth 	MET EXPERT-GRUP
GDP rate, %	7.3	8.5e	<ul style="list-style-type: none"> Maintenance of high consumption; Significant rise of investments; Growth of service sector; 	
Annual inflation rate, %	12.7	10.7	<ul style="list-style-type: none"> Slower rise of prices of food products; Administrative control on prices of services; 	NBS
Foreign public debt/GDP, %	25.7	22.0e	<ul style="list-style-type: none"> GDP growth Reduction of debt supply 	Ministry of Finance
Internal public debt / GDP, %	11.6	9.9e	<ul style="list-style-type: none"> GDP growth Small rise of debt supply 	Ministry of Finance
Primary budgetary deficit, %	+0.2	+2.0e	<ul style="list-style-type: none"> Sustained growth of collections from indirect taxes 	Ministry of Finances
Unemployment rate, %	7.8	6.8e	<ul style="list-style-type: none"> Intensification of emigration and reduction of pressures on labour force; Opening of new jobs; Legalisation of some jobs 	NBS

6. INTERNATIONAL TRADE

6.1. Current trends in international trade

From the structural point of view, Moldovan foreign trade is similar to the trade of underdeveloped countries, with exports being dominated by products that need intensive labour. According to early statistics, raw agricultural goods and food accounted for 60% of all exports in 2005. It is interesting that alcohol (spirits), food and tobacco made up some 37% of Moldova's exports. Perhaps this structure will not change much next years.

Raw agricultural products and food products represent about 60% of the overall exports...

In turn, Moldovan imports are characterised by a much faster growth than exports, mainly due to large purchases of raw material and energy resources (oil, oil derivatives and gas). Oil products represented 20% of all imports and will grow in volume even more once business activity intensifies, no matter what the costs and prices are.

Vegetables, juice, and food, too, claim a large share of imports. This is determined by the state of agriculture (production level, climate) or pronounced consumer preferences in correlation with quality and cost of imports.

... imports are characterised by a much faster growth than exports, mainly due to large purchases of raw material and energy resources

Case study

Although Moldova remains the biggest supplier of wine to the Russian market, the share of Moldovan wines declined from 57% in 1999 down to 45% in 2004. Constraints linked to supply of raw material would be probably one cause; in 2002-2003, Moldova imported as much unbottled wine from Romania as 10% of wines sold in Russia. There are much bigger problems: the Russian market has been undergoing radical changes concerning the structure of demand, consumer preferences, and competitor reactions. Russian consumers are tempted to try something different from Moldovan wines they have been used to, looking up to buy wines from the "New World", for example from Chile or Argentina. As a matter of fact, these countries – not France or Italy, which make elite wines in terms of price and quality – are the main rivals for Moldova.

On the other hand, exports to the E.U. make up just 0.7% of all wine exports from Moldova. The size of the E.U. single market for wine imports and the geographic coverage of this market make it an important space for sales of Moldovan wines. In addition, if Moldova gains an asymmetric preferential trade regime from the E.U., a regime that would remove many tariff barriers from the way to this market, the situation will change.

6.2. Tentative forecasts

During the period 2006-2007 the imports are expected to grow further. Government regulation, taxes and duties – which could tempter the growth of imports and would protect the internal market at the same time – are the most important factor to play a role in limiting the imports in the middle and long run. Nevertheless, Moldovan importers will also probably have to face competition from foreign companies that are attracted by the yet not fully explored area, such as textile industry. It is curious that since 1997 foreign investors have flown a big deal of money in the textile industry, particularly in the cheap local labour. As a result, textiles and shoe-making have captured in exports a share that grew from 6.7% in 1997 up to 17.3% in 2004. In spite of the non-tariff barriers, Russia will remain next two years an important market for Moldovan exports.

Government regulation is a method to temper the growth of imports...

Moldovan exports to the E.U. could rise after the inclusion of Moldova, on January 1, 2006, in the GSP+ trade mechanism. On the other hand, many experts say that exports will not grow fast – rather, there will be a slow evolution, because they do not fill in the gaps where Moldova may feel advantaged in competition, first of all in the agri-food industry. Moldovan officials are interested in gaining autonomous trade preferences such as those granted to the Balkan states and envisaged in the E.U. Action Plan for Moldova, signed in 2005.

6.3. Moldova in commercial relations with E.U.

The year of 2005 began with the signing of the E.U. Action Plan for Moldova, and

...while exports to the E.U. could grow due to the system of trade preferences GSP+

it continued with the release of significant funds by the Union²¹, with projects aimed at strengthening cooperation of Moldovan managers with E.U. managers, and culminated with the granting of the GSP + system to Moldova.

The last achievement is very important in the area of trade between Moldova and E.U. member states. Moldova will benefit from the second level, that is the extended trade facility, or GSP+. These preferences envisage the enforcement of a no-duty policy for exports to the E.U. for a wide array of goods. But this system does not cover a long list of products, such as sugar, wines and spirits, meat and canned goods, in other words the products dominating Moldovan exports. At the same time, we have to be aware that export expansion is slowed down by tariff and non-tariff impediments applied to imports from Moldova.

...but predominant products in Moldovan exports will not fall under this system

The share of Moldovan exports on the E.U. market is around 30% of total. More than 50% of Moldovan products is exported to C.I.S. countries, and this conjuncture makes the exports extremely sensitive to economic or political shake-ups across this area. The so-called economic sanctions imposed by Russia last spring (for sanitary reasons) have highlighted a political dimension in commercial ties. On the other hand, the low quality of Moldovan goods would not allow the re-direct the exports towards the West.

If Moldovan enterprises do not care for their productivity and quality, they will be facing grave problems. The rise of productivity and quality has to become a strategic priority of Moldova in 2006. In parallel, another goal requires Moldova to develop a capacity of absorption of European funds and to rationalise their use. At this moment, this capacity is limited – because we are unable to develop clear investment projects.

Rise of productivity should become Goal Number One for Moldovan firms

The government agency for 2006 should focus on creation of a system for management of European funds, for a more efficient absorption and more transparent use of these, for example by creating project management units (PMU). This measure may start either by creating a PMU within a ministry, or by creating independent structures that would handle the projects of various ministries.

And the beneficiaries of E.U. funds should be more transparent in their use

Meanwhile, the authorities have to push for the expansion of Moldovan exports westwards:

- The government has to demonstrate consecutivity in negotiation of maximum advantageous conditions for the future free trade zone between Moldova and E.U.;
- The government has to insist that Ukraine and Russia respect the earlier trade agreements and to get ready for the time when Romania scraps its free trade agreement with Moldova in connection with E.U. accession;
- On the other side, Romania's entry in the E.U. could encourage the move of certain businesses from that country to Moldova. The argument for such an evolution lies, obviously, in the low production costs Moldova offers.

Analysing the obstacles in the way of Moldovan exporters, we would like to conclude that these can be divided into internal and external ones.

- The external barriers for Moldovan exports are: incompatibility of quality standards, incompatibility of conformity requirements with E.U. ones, customs differences etc.
- Among the internal barriers we mention the following: administrative barriers, too complex procedures for VAT restitution, too complex customs clearance procedures, lack of information, lack of a single (clearance) office, and as a result higher costs and time waste, low efficiency of governmental programmes for export promotion.

The elimination of trade barriers requires concrete measures, such as the simplifying customs clearance for exporters; redefining the role of services within the border checkpoint zone; opening a "single office" to allow importers/exporters fulfil

Elimination of trade barriers...

²¹ <http://www.maia.gov.md/collaborationview.php?l=ro&id=36> (ex. Food Security Programme of the European Commission)

all procedures and formalities by submitting standard application papers to a single agency; decreasing the customs control time for perishable goods; implementing a unified customs information system.

6.4. Standards, technical regulations and conformity assessment procedures

The basic technical standards, certification of products, and the metrological definitions have to be in line with the European level rules. A priority in harmonising the standards system with the international and European requirements is the development and improvement of the national mechanism of market, price and service overview. In this regard, it is necessary to do the following:

...in association with international quality requirements and standards would encourage exports

- Clear delimitation of attributions of the competent control agencies, in order to avoid overlapping of activities;
- Identification of the control methods and techniques;
- Training of special personnel for the market supervision over products and services;
- Improvement of procedures related to information and cooperation between the institutions with competences in the matter.

To make these principles functional, a close cooperation is necessary between the authorities in charge with the market overview.

6.5. Customs system

On January 1, 2001 Moldova enforced a new Customs Code²², which outlined the legal, economic, and organisational principles of customs activity on Moldovan territory. In recent years, Moldova adopted a number of laws on certification²³ of products sold outside the country. At the same time, Moldova has signed more than 30 bilateral agreements on economic and commercial cooperation and the same number of agreements concerning promotion and mutual protection of investments. As a matter of fact, the signing and ratification of these agreements – processes viewed inside the country as a quantitative evolution in foreign trade – have contributed to creation and improvement of the existing legal system, but there has been no qualitative change in commercial relations with other states. The size and structure of exports, as reflected in foreign trade accounts, have not really changed either quantitatively or qualitatively, while the perspectives of a positive evolution are not quite optimistic in a near future.

On the other hand, the low degree of promptness in customs clearance procedures, poor endowment and training of customs officers, and politicians' meddling with their businesses, plus a huge amount of goods imported without all legal duties being levied – all these directly harm the foreign trade of Moldova. Many goods that enter the country illegally are of low price, and of low quality, and this creates an unfair competition to domestic producers. As for example, only 3 days are needed to issue documents for importation of products from the E.U. and only 2 days for exportation, while economic agents wait for many days or even weeks at the Moldovan customs stations.

Improvement of the customs system will enhance the efficiency of export-import operations...

Monitoring grid 6 International trade

Indicators	State in 2004	Progress in 2005	Factors of influence	Sources
Fair access to foreign sale markets	Foreign markets were open a little to Moldovan products <i>Rate by experts: - 1</i>	A positive evolution was not observed in 2005 despite the signing of the Moldova-E.U. Action Plan <i>Rate by experts: - 1</i>	<ul style="list-style-type: none"> • Existence of some non-tariff barriers in export-import operations • Russian interdictions against importation of Moldovan products 	Estimates of experts

²² Customs Code of Moldova (*Monitorul Oficial*: Law # 1149-XIV from July 20, 2000)

²³ Law on certification # 652-XIV from October 28, 1999

Share of exports to E.U. in overall exports	30.1% <i>Rate by experts: +1 (ex. in 2003 – 26.7%)</i>	29.7% <i>Rate by experts: 0</i>	<ul style="list-style-type: none"> • Enlargement of E.U. member states 	NBS and estimates of authors
Share of imports from E.U. in the overall imports	32.9% <i>Rate by experts: +1 (ex. in 2003 – 36.1%)</i>	32.5% <i>Rate by experts: 0</i>		NBS and estimates of authors
Influence of foreign trade on economic growth	Rate by experts: -1	Rate by experts: +0.5	<ul style="list-style-type: none"> • Growth of consumption of households • Growth of purchase power of population • Diversification of sale markers • Growth of imports generated a rise of investments 	Estimates of experts

7. REGULATORY REFORMS

The reformation of the legal framework that governs the entrepreneurial activity is identified in the E.U. - Moldova Action Plan and in the Economic Growth and Poverty Reduction Strategy Paper, as primary measures to develop the private sector. As the Action Plan says, the reform is aimed at ensuring transparency and predictability of business conditions. This reform was born in the Ministry of Economy and enforced by the famous Law # 424-XV concerning the optimisation of the regulatory framework related to entrepreneurial activity, also known by the public as “Guillotine Law”. It took effect on February 7, 2005. The objective assumed by the developers of this law is “to revise the existing regulatory framework, in order to eliminate the provisions that fall outside legislation or raise barriers in the way of business”²⁴.

Regulatory reform was on the top of economic policy agenda in 2005....

By government decision # 132 from February 8, 2005, „Concerning the revision and optimisation of the regulatory framework regarding entrepreneurship,” a State Commission for entrepreneurial activity regulation and a Working Group as the governing board of this Commission have been created. Although the Commission included a large number of people, several important – and probably politically “inconvenient” persons – were omitted. The Commission did not represent any trade unionist organisation, or local public authorities and communities, or think tanks, or small business association.

The first stage of this reform saw all official acts issued by the authorities of public administration bunched (1,130 acts). All the acts that set out mandatory rules or restrictions for entrepreneurship were attributed to official acts on entrepreneurial activity, given that failure to abide by those act required sanctions or a ban on this activity in a certain area.

... but instead of expected reduction of regulations, a revision of theirs took place instead

At the second stage, the Working Group examined the 1,130 acts and found that 817 were good enough to remain. It is not clear how the other 313 acts were interpreted.

And at the third stage, the 817 acts were reviewed and dropped into one of the following categories:

- Official acts that comply with the “Guillotine Law” (426) and that were included in a Register of Official Acts for Entrepreneurship Regulation;
- Official acts of the government and other services of the central public administration, which contradicted the “Guillotine Law” (99) and which were abolished;
- Acts that were issued by independent agencies and that contradicted the “Guillotine Law” (7) – they were recommended to be abolished;
- Acts that contradicted the “Guillotine Law” (285) and that needed to be amended in order to be added to the Register later. These acts had to be modified by January 1, 2006. At the moment, it is not clear how many of them have been adjusted to the “Guillotine Law”.

The effects of the “Guillotine” are mixed and unclear. A number of acts that violated the principles of law (non-transparent, task-copying, other defects) were eliminated. The process involved some business circles and nine regional working groups were created. However, the interviews from business representatives showed that the reform did not meet their expectations. It is hoped that this year the regulatory reform will advance in connection with the revision of legislative acts in the entrepreneurship field, so that the administrative procedures for companies undergo a genuine simplification.

... at this moment we are unable to assess their impact on the business environment

One of the clauses stipulated in the Action Plan and in the Partnership and Cooperation Agreement (namely Article 50) envisages the adjustment of Moldovan laws to European laws, particularly as concerns commercial societies. The Ministry of Economics has developed, and released for public debate, several important draft laws. It is about a draft legislation on limited companies and a draft legislation on basic principles and mechanisms regarding entrepreneurship regulation. No detailed expertise of these acts has been fulfilled yet, while in our opinion they meet the general drive of Moldova to achieve a greater approachment between Moldovan and E.U. standards in the area.

In commercial law, two very important draft laws have been worked out and posted on the Website of the Ministry of Economy for „virtual” debate...

An important provision in the Action Plan is the need to ensure that the main regulatory institutions are functional. In 2005, the postponement to create a National Agency for Competition Protection was a major failure of the government in the field.

Last year, the government tried to consult with and notify businesses concerning the regulatory measures (transparency) and to give them enough time for adaptation (predictability). Several roundtables debated the problems of business society in Moldova. Entrepreneurs were encouraged to make concrete proposals concerning the measures which the government has to accept in order to improve business conditions. Government reaction to those proposals, however, was formalistic and inappropriate. In 2005, the Association of Foreign Investors, too, made proposals; it released a White Book on Investment Climate in Moldova.

... but public discussions have led nowhere

No strategic assets were privatised in 2005, while the few episodes of “small” privatisation will be left out without comment because of the lack of transparency. The only progress in this area was the start of inventory for all public properties. This was important, since it is expected to ensure a greater transparency in the future privatisation process.

There were a few action in 2005 designed to crack down on corruption. A corruption eradication strategy was developed and adopted. The Centre for the Struggle against Corruption and Economic Crimes organised several rounds of discussion with international institutions and civil society groups on anti-corruption policy. Meanwhile, international and local observers say, the war on corruption was frequently used as a tool to achieve corporate political or economic interests.

Although some measures were taken to reduce corruption, public perception is still rated them law

Monitoring grid 7: Regulatory Reforms and Business Climate

Indicators	State in 2004	Progress in 2005	Factors of influence	Sources
Independence and functionality of regulatory institutions	Regulatory institutions were functional and formally independent from government, but under political control in reality. <i>Rate by experts: - 1.5</i>	No major progress was observed in 2005. Action to create a National Agency for Competition Protection was delayed. <i>Rate by experts: - 1</i>	<ul style="list-style-type: none"> • Lack of political will; • Rising group interests. 	Assessments of authors and experts
Business climate	Business climate in Moldova was stagnating and oppressed. <i>Rate by experts: - 1</i>	Certain progress was achieved due to implementation of a pilot-project regarding the creation of the “single office” and due to adoption of the “Guillotine Law”. <i>Rate by experts: +0,5</i>	<ul style="list-style-type: none"> • Consolidation of coordinating capacities of the Ministry of Economics; • Public debates. 	Assessments of authors and experts
Combating corruption	Corruption was perceived as something common mainly in public institutions. <i>Rate by experts: -2</i>	A modest progress was registered from outside (Transparency International) and from inside (interviews with ordinary citizens and business people). <i>Rate by experts: +0,5</i>	<ul style="list-style-type: none"> • Intensification of public and media presence of the Centre for the Struggle against Corruption and Economic Crimes. 	Assessments of authors and experts
			•	

8. BORDER CONTROL

The E.U. Action Plan contains important measures which Moldova has had to enforce.

Implementation of the border control concept from December 4, 2003

Some steps have been made to transform the Border Guard Service into a modern specialised central authority that is capable of responding to present-day challenges in border security issues. It was formerly a Department of Border Guard Troops, but later all relevant institutions approved the draft law concerning the border guard service of Moldova, which was due for adoption in November 2005. In the same context, work is under way to prepare a study concerning the national strategy for integrated border management. We believe that the process of modernising the Border Guard Service has to be accelerated.

The new law on border guard service, which would regulate the adjustment of this service to European norms, is ready, but adoption is late...

Intensification of cooperation between the agencies empowered with competences in border management and relations with neighbours

During the year 2005, the most significant success in border management was achieved namely in this field. We have to mention that this development was favoured at a great extent by political changes in Ukraine, where Viktor Yushchenko won the presidential election in 2004-2005. The new Ukrainian authorities were more receptive to the calls from Moldova, from the E.U., and from international organisations concerning border security, mainly via an international monitoring process.

Radical changes in Ukrainian politics open „a door of opportunity” in Moldovan-Ukrainian management cooperation...

Thus, on June 2, 2005, the city of Odessa, Ukraine, hosted a meeting between the presidents of Moldova and Ukraine, who signed a joint letter addressing the E.U. for assistance with the view to establish an international control at the Moldovan-Ukrainian border. The E.U. responded this request and announced the creation of an E.U. Documentation Mission, in order to learn the situation on the spot.

...and the European Union welcomes and supports the efforts of both sides...

At the GUAM summit in Chisinau (July 13, 2005), the chiefs of border control from Moldova and Ukraine held a working meeting and signed a protocol between the Border Guard Service of Moldova and the State Border Service of Ukraine concerning operative cooperation.

On October 7, 2005, Moldova and Ukraine signed a Memorandum of Understanding regarding Border Assistance from the European Commission. This document envisaged the creation of a 60-strong mission made up of border and customs officials from E.U. member states, who since December 1, 2005 observe the entire Moldovan-Ukrainian border, including the Transnistrian portion. They secure the border in compliance with the European standards. It is worth mentioning that securing the Transnistrian portion of Moldovan-Ukrainian border will also contribute significantly to realisation of the other chapters in the Action Plan, we mean the settlement of the Transnistrian conflict and struggle against the organised crime.

The launch of the E.U. Border Assistance Mission represents an important success in efforts to secure the eastern border...

In addition to these notable achievements, we should remark the following developments in regional cooperation between various agencies with competences in border management issues:

- The authorities of Moldova and Romania have discussed aspects related to signature of a future bilateral agreement on mutual travel regime, a border agreement, and to procedures for demarcation of the Moldovan-Romanian border.
- On November 22, 2005, the Moldovan Border Guard Service and the Romanian Border Police Inspection signed a protocol on information exchange.

- The governments of Moldova, Ukraine, and Romania continued cooperating with the view to create a Joint Contact Centre in the Romanian city of Galati.
- On August 26, 2005, Moldovan Border Guard Service and the Latvian State Border Guard Service sign an agreement of cooperation.
- On October 27, 2005 the Moldovan and Slovak authorities decided to speed up the examination of the agreement on readmission and the agreement on combat against organised crime, as a condition to start negotiating an agreement on mutual travel.

...cooperation with the western neighbour, Romania, is getting better, too...

Comprehensive strategy of training in border management;

In compliance with the information provided by the Ministry of Foreign Affairs and European Integration, work began to develop a comprehensive strategy concerning the training and exercise in border management issues, with participants learning among others the Schengen standards and regulations.

Endowment and infrastructure development

On December 23, 2005, a Border Guard Training Centre opened in the city of Ungheni. The chief goal of the Centre is to help modernise the Border Guard Service by improving the level of professionalism of border guard officers. This was done as part of a two-year TACIS project called "Border management improvement", which provides both funding for training and endowment, and knowledge for legislative and institutional upgrading.

The chief goal of the Training Centre is to help modernise the Border Guard Service

As part of the same project, Moldovan border guard specialists made study visits to countries that had completed similar reforms: Bulgaria, Poland, Romania, Slovenian, and Finland. These visits facilitate in continuation regional cooperation in border management issues via institutional contacts and newly-acquired personal relations.

Continuation of the Soderkoping process

Experts from the Moldovan Border Guard Service have participated in all the meetings within the Soderkoping Process²⁴. They identified during those events a number of shared problems:

- Improving the system of registration of emigrants and asylum seekers at national level
- Information exchanges and experience sharing in various subjects, including study visits
- Access of NGOs to asylum seekers and assistance in regional cooperation between NGOs
- Information regarding ongoing and planned projects in migration management, asylum matters and border control in the region, and the return of emigrants.

Monitoring table 5 Border control

Indicators	State in 2004	Progress in 2005	Factors of influence	Sources
Cooperation with neighbour countries in border management	<ul style="list-style-type: none"> ▪ Poor control at the eastern border and lack of any control along the Transnistrian border portion; ▪ Initiative to create a Moldovan-Ukrainian-Romanian contact centre in Galati; ▪ Lack of cooperation agree- 	<ul style="list-style-type: none"> ▪ Securing the Moldovan-Ukrainian border, including the Transnistrian portion, by launching the E.U. Border Assistance Mission; ▪ Continued discussion, moderate progress; ▪ Agreements on cooperation in border management issues were signed with 	<ul style="list-style-type: none"> ▪ The European Commission, Moldovan authorities, internal political changes in Ukraine; ▪ The European Commission, au- 	The European Commission, the Moldovan Ministry of Foreign Affairs and European Integration, the Parliament, the Border Guard Service, the Soderkoping Secretariat (based in Kiev,

²⁴ The initiative „Söderköping Process” was launched in 2001 to respond the challenges that appear in the area of transborder cooperation during the E.U. expansion eastwards. It is also meant to promote dialogue in matters of migration and asylum between the countries located along the eastern border of the European Union. Following are the participants in this process: Belarus, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Slovakia, and Ukraine. The initiative is supported by the European Commission, the Swedish Migration Board, the U.N. High Commissioner for Refugees, and the International Organization for Migration.

	ments with many counterpart services in the new or future members of the E.U.;	Ukraine, Romania, and Latvia; <ul style="list-style-type: none"> ▪ Active participation in meetings within the Soderkoping Process, with a limited practical impact. <i>Rate by experts: -0.4</i>	thorities of the respective countries.	Ukraine)
Modernisation of the border service	<ul style="list-style-type: none"> ▪ Concept concerning border control (04.12.2003) 	<ul style="list-style-type: none"> ▪ Law on Border Guard Service has been drafted – but not adopted; ▪ Centre for border guards training opened in Ungheni (supported by TA-CIS); ▪ Border Guard Service takes part in the exchange of experience concerning border management with similar services from the new E.U. member states. <i>Rate by experts: -0.2</i>	<ul style="list-style-type: none"> ▪ The European Commission, authorities of the respective countries. 	<ul style="list-style-type: none"> ▪ The European Commission, the Moldovan Ministry of Foreign Affairs and European Integration, the Parliament, the Border Guard Service.

9. COMBAT OF ORGANISED CRIME

9.1. Provisions of the Action Plan

The Action Plan underlines the prevention and struggle against the trafficking in persons, and the social integration of victims. It is mandatory to revise the anti-trafficking legislation and to amend the Penal Code and the Code of Penal Procedure in compliance with the international standards in the human rights field. Another obligation Moldova has assumed is to strengthen international cooperation (OSCE, UN), including the ratification of the Palermo Convention and its protocol on prevention of the trafficking in human beings, especially women and children. Below one can see other actions that need to be taken to crack down against organised crime:

- Implementation of actions at national level as recommended in the OSCE actions plan for combating the trafficking in persons (approved in Maastricht in December 2003), chapters III, IV, and V, and consolidation of cooperation within the relevant international agencies (UN, OSCE);
- Implementation of the national actions plan for human rights (chapter 7 b);
- Regional cooperation between the services that hold competencies to struggle against traffickers (police, border guards, customs officers);
- Legal and psychological counsel for social integration of the victims;
- Ratification of the Roma Statute of the International Justice Court;
- Ratification and full implementation of the international instruments;
- Ratification of the UN Convention on Organised Transborder Crime and its protocols: illegal migration; trafficking in persons; manufacturing and smuggling of firearms;
- Consolidation of institutional capacities of the relevant services (police, border guards, customs officers) by offering equipment, hardware, and training;

9.2. Trafficking in human beings: framework of phenomenon

The trafficking in persons is understood as a process of recruitment, transportation, transfer, shelter or hosting of persons, by threat or use of force, or other forms of constraint, by kidnapping, deceit, cheating or abuse of power, by using the vulnerable points, by giving or taking money or other benefits in order to obtain the consent of person who has control over another person for the purpose of exploitation. Exploitation includes the forms of sexual exploitation including prostitution, labour or forcible service, slavery or practices similar to slavery, servitude or trafficking in organs (from UN official papers).

The trafficking in persons produces more than 300,000 victims a year on the European continent alone and this offence is rated as a transnational criminal phenomenon that implies the cruellest forms of organised crime. Defined as a modern form of slavery, the trafficking in human beings for sexual or economic exploitation, or for organ harvesting, represents a grave threat for human rights. Traffickers are organised in true national and international networks, with a great power of influence on the legislating system and an enormous financial capability. It is believed that the profits from trafficking in persons are much larger than the profits of drug dealers.

Trafficking in persons is recognised as a component part of the transborder organised crime and is present mainly in underdeveloped regions, where legislation in the area is unclear or is missing, and where various governmental agencies and non-governmental organisations lack a history of cooperation though they are ought to fight together against traffickers.

Annual profits of traffickers in human beings are much larger than the earnings of drug dealers

Trafficking has become lately a major problem both at national and international level, and the problem is getting worse in continuation. In Moldova this phenomenon is not a number of episodes or something involving a few people – it is a matter with profound consequences of social and economic nature, harming a great number of persons. Trafficking is one of the worst forms of human rights breaching.

Being part of international networks, traffickers are associated with large international criminal groups, with some police officials among members. Not by accident, trafficking in persons is defined as a priority of the E.U. Action Plan for Moldova, and it is a weighty subject in negotiations between Chisinau and Brussels in matters of security, justice and home affairs. Moldova experiences one of the highest emigration rates, which is related to trafficking in persons, especially concerning women and children. Poverty, unemployment, and lost confidence in the future are among the primary causes of this phenomenon.

Moldova's record of illegal migration in connection with the trafficking in persons is among the highest.

Although women and young girls make up the largest group of trafficked persons, traffickers are increasingly looking for the elderly as well. Low education and lack of economic opportunities are the biggest risk factors. Some 52% of persons trafficked from Moldova come from the rural environment, from areas near the cities of Balti, Chisinau and Comrat²⁵. Transnistria, too, is a great source of trafficking in human beings. Fake job opportunities top the list of recruitment methods.

Women and young girls are the largest group hunted by traffickers

9.3. Geography of phenomenon

The countries in Central and South-East Europe including Moldova represent both a source and a territory of transit for the trafficking in human beings. During a relatively short period, since 1990, this region has "grown" to challenge such traditional markets for traffickers as Latin America or Africa, becoming one of the largest sources of women and children sold for sexual exploitation, forced labour, forced begging etc. It is understood that the phenomenon of trafficking would not exist if the Western and Mediterranean nations lacked the demand for sexual services and cheap labour.

Moldova is both a country of origin and a country of transit for networks of traffickers in human beings

Regionally, the Balkan crisis favoured the development of this industry in Moldova. The country is not often recognised as a source of origin and sometimes as a land of transit. It serves as a pass point for the large trafficking networks selling women especially from Asia (Pakistan, Afghanistan, China and India) and from neighbouring countries: Ukraine, Belarus, or Russia. Turkey, Russia, the United Arab Emirates, former Yugoslav republics, Israel, Greece, Italy, and other Western countries are the destination where the trafficked persons land. A recent study of the International Organisation of Migration (IOM) shows that some 30% of the victims of traffickers in Turkey are Moldovan women²⁶.

IOM statistics have helped through the years sketch certain routes of trafficking, which depend at a great extent on the networks of traffickers and their duration on a certain route. In 2003 - 2004 the following routes of smuggling of persons were deduced²⁷:

- *To Turkey:* Ukraine is a transit country for the victims that are smuggled to Turkey. They were taken by motor cars from Moldova to the Ukrainian city-port of Odessa, and then transported by sea – and some by air – to Turkey;
- *To Ukraine and Russia:* The victims travelled by car, bus, or train;
- *To the United Arab Emirates:* The victims smuggled to the UAE for sexual services were transported by air, with legal documents and legal entry via an international airport;
- *To the Balkans:* The victims trafficked in the Balkans were usually transported through the southern region of Moldova (Cahul and Vulcanesti) and there they were taken via Vrsac in Romania to Serbia. This sort of trafficking requires terrestrial travel: car, bus, train, or walk – depending on the traffickers involved.
- *To the European Union:* Route to the E.U. was crossing, as a rule, Romania, Serbia and Croatia; route to Italy (on sea) or Slovenia /Hungary (by ground transport).

²⁵ Report of the Migration Service.

²⁶ News report on Moldova-Azi website from February 6, 2006; <http://www.azi.md/news?ID=37904>

²⁷ Annual report concerning the victims of traffickers in human beings in South-East Europe. Moldova Country Report, IOM, 2005, p.24.

9.4. Legislative framework

Moldova did its best in 2005 to create the legal framework needed for prevention and combat of trafficking in human beings, as well as for protection of rights and interests of victims of trafficking. The Parliament of the Republic of Moldova:

- has ratified the protocol on the prevention, repression and punishment of traffickers in persons, especially in women and children, additional to the November 15, 2000 U.N. Convention against Transnational Organised Crime, through the law # 17-XV from February 17, 2005.
- has approved the law on the prevention and combat of trafficking in human beings (Law # 241-XVI from October 20, 2005).

The Moldovan Government has approved:

- the Regulation of the National Committee against Trafficking in Human Beings (Government Decision # 775 from August 1, 2005);
- the National Plan against Trafficking in Human Beings (Government Decision # 903 from August, 2005).
- a new Penal Code of Moldova was adopted in 2003 and it stipulates severe punishments for crimes related to trafficking in human beings – up to 25 years of detention (Article 165 Penal Code), while for trafficking in minors – including up to lifetime detention (Art. 206 PC), for pimps – up to 7 years (Art 220 PC).

We can ascertain now that the normative base against trafficking in human beings was created. All the normative acts have been under international expertise and they comply with modern requirements.

9.5. Coordination

At present, many state structures of Moldova participate in settlement of problems related to trafficking in persons:

- the Ministry of Interior Affairs;
- the Prosecutor-General's Office;
- the Ministry of Foreign Affairs;
- the Ministry of Information Development;
- the Ministry of Health and Social Protection;
- the Ministry of Education, Youth and Sport.

The activity of these state structures is coordinated by **the National Committee to combat trafficking in persons, created in the Moldovan Government in 2001**. The sittings of the National Commission take place once a month. The role of the committee in organising the combat of trafficking is limited enough, since all its members fulfil their commitments and basic service at once. Persons with permanent functions must work in the National Committee secretariat.

About 20 nongovernmental organisations in Moldova actively combat the trafficking in human beings. The most experienced and active include:

- the International Centre «La Strada»;
- the centre for the prevention in trafficking in women, which has branches in the cities of Balti, Ungheni and Cahul;
- « Save the Children» Moldova.

Although the number of national organisations that assist the victims of trafficking in persons is on the rise, their decisive role in this area belongs, however, to the international community. Firstly, these are intergovernmental organisations with a considerable financial, information and organisational potential:

- IOM (International Organisation for Migration) Mission to Moldova; (administers a specialised asylum for victims of trafficking);
- OSCE Mission to Moldova;

- ILO – IPEC (International Labour Organisation – International Programme on the Elimination of Child Labour);
- ILO – Migrant (International Labour Organisation – International Programme „Migrant”);
- UNICEF Moldova.

The number of programmes against trafficking in persons, assistance and protection for victims of trafficking, financed with the support of the U.S. Government (USAID, the U.S. Department of Labor, etc.) is on the rise in Moldova. The E.U., UNDP, Stability Pact for South East Europe, governments and organisations of other states also assist the struggle against this scourge.

9.6. Prevention

The activity against trafficking in human beings is focussed on two directions in Moldova:

- awareness and education;
- reduction of vulnerability.

Activists of different NGOs systematically hold seminars for risk groups (school children, students, job seekers, etc.) with the purpose to prevent the risks of illegal migration. A national hotline functions within the International Centre „La Strada” (NGO) (the calls inside the republic are free of charge).

A number of projects that provide youths from risk groups with access to professional education (ILO – IPEC) are being implemented within the second direction against trafficking in persons. Some ample measures that would allow poor layers of population to learn a profession and would guarantee their employment in Moldova are needed. Also, a series of measures are needed to combat home violence, to ensure the equality of genders, and others.

9.7. Assistance of victims and witnesses

The assistance of victims of trafficking in human beings is mainly granted by nongovernmental organisations and IOM. The asylum for victims of trafficking is administrated by IOM.

The reintegration of persons who suffered after trafficking is not always successful because when they return to the usual living environment they face the same factors of repulsion that made them leave for abroad – poverty, unemployment, etc.

9.8. Investigation and proceeding against traffickers

The Centre for the Combat of Trafficking in Human Beings, a specialised subdivision of MIA for the struggle against trafficking in persons, was created in Moldova with the assistance of the U.S. Embassy. The employees of the Centre jointly with territorial subdivisions of MIA have registered 428 offences related to trafficking in human beings and procurement in 11 months of 2005. They have filed penal cases on basis of:

- Article 165 PC (Trafficking in persons) - 232 offences;
- Article 206 PC (Trafficking in minors) and Article 207 CP (smuggling of children) – 50 offences;
- Article 220 PC (procurement) – 98 offences.

It should be mentioned that the court requalifies many cases filed on basis of articles on trafficking in persons and trafficking in minors on article on „Procurement” because it is hard to demonstrate the forcing of victims of trafficking. At the same time, additional measures for training of the entire personnel that conduct the penal investigation are needed. Also, serious measures for protection of witnesses of penal cases are required because the victims often change their testimonies of fear for traffickers.

9.9. Consolidation of capacity

The international community assists the organisation of much training for specialists participating in the struggle against trafficking in human beings (police, judges, prosecutors, border guards, social assistants) in Moldova every year. However, the police face a fluctuation of staffs and the policemen must be trained every year from this reason. Also, additional measures are required for training of prosecutors and judges.

9.10. Information management and researches

Although a series of researches regarding the trafficking in human beings were conducted in Moldova, especially by foreign specialists, the phenomenon is still insufficiently studied. Amplier and deeper studies are needed, including recommendations on struggle against this phenomenon.

9.11. Mobilisation of resources and budget

The international community finances all the projects against trafficking in human beings in Moldova. The Moldovan Government does not allocate means for these purposes. The U.S. Government will provide financial assistance in the amount of 2 million dollars for implementation of these projects. The IOM, E.U., governments of Moldova and U.S. have launched a project worth 1.1 million dollars on Moldovan border management in late 2004.

9.12. Analysis, monitoring and evaluation

The national committee for struggle against trafficking in human beings adopted a decision on February 10, 2006 concerning the creation of a single system of monitoring of the national plan on the prevention and combat of trafficking in human beings. This decision obliges all participants in the combat of trafficking to report on their actions to the committee twice a year. This will allow the creation of a system for monitoring and assessment of efficiency of taken measures.

Monitoring grid 6 Combating organised crime (trafficking in human beings)

Indicators	2004	2005	Factors of influence	Sources
Evolution of trafficking in human beings	0	0	The rise of trafficking in human beings was stopped in Moldova due to the struggle measures, despite the fact that the economic factors did not improve.	International Centre «La Strada»
Legislative framework	0	2	A number of important normative acts were adopted in 2005.	International Centre «La Strada»
Coordinations	0	0	Coordination of actions against trafficking is not systematical. The secretary of the National Committee should permanently function.	International Centre «La Strada»
Prevention	0	0	International structures and NGOs mainly support the struggle against trafficking in persons. The state should take more ample measures to support the risk groups. Severe anti-corruption measures are required.	International Centre «La Strada»
Assistance and protection of victims and witnesses	0	0	Many problems of victims of trafficking are not covered with necessary assistance.	International Centre «La Strada»
Investigation and trying of traffickers	0	1	The penal investigation of traffickers is permanently improving. Better protection of witnesses, training of specialists is needed.	International Centre «La Strada»
Consolidation of capacity	0	0	Specialists are trained with the support of international structures. New chapters on problem of trafficking in human beings should	International Centre «La Strada»

			be introduced in curriculum of domestic educational institutions.	
Information management and researches	-1	-1	Moldova lacks a single system to collect data on trafficking problem. Every organisation keeps its own statistics. There are few researches of this phenomenon.	International Centre «La Strada»
Mobilisation of resources and budget	-2	-1	The support of international structures grew in 2005. However, these measures are insufficient to destroy the phenomenon.	
Analysis, monitoring and evaluation	-2	-2	Monitoring and evaluation mechanism was introduced in 2006.	International Centre «La Strada»
Cooperation between governmental and non-governmental structures	-1	0	Cooperation between state structures and NGOs is improving but the latter do not have a public control role.	International Centre «La Strada»

10. MIGRATION MANAGEMENT

Evaluating and monitoring migration

Information exchange

Developing the IT background of the National Bureau for Migration (NBMI) and its software for information exchange with other governmental agencies has greatly helped in facilitating the access and exchange of information for migration assessment and monitoring. Thanks to these measures, it is possible now to view the databases of the State Register for the Population, of the Border Guard Service, and of Interpol. This Information Centre has been created in partnership with the International Organisation for Migration (IOM). Other notable actions in this area are:

- The NBMI and the Ministry of Information Development (MID) have developed a draft agreement on cooperation in the area of data exchange in asylum and migration issues;
- The NBMI and the Ministry of Interior Affairs (MIA) have signed an agreement on data exchange;
- The NBMI and Winrock International, a non-governmental organisation qualified in the matter, have prepared a joint memorandum of cooperation;
- National statistical criteria for migration issues have been developed and passed for review onto the National Statistical Bureau, in order to facilitate the monitoring and assessment of migration.

Creation of the Information Centre will facilitate cooperation in assessing and monitoring emigration...

Meanwhile, two studies concerning remittances and demography have been conducted thanks to assistance from the IOM and the European Union. These studies are significant for the evaluation of migration processes and their implications.

Adjustment of national legislation to European legislation

In this area, the Government has received for review the following documents and regulations: - a Regulation concerning the tasks of the NBMI (approved by Government decision from October 4, 2005); - a draft law on modification and completion of the Penal Code, including a draft Government decision concerning approval of the Regulation on Immigrant and Expatriate Status, on release, prolongation and withdrawal of the immigration card, work permit, and repatriation confirmation.

A draft legislation has been proposed in the Government in favour of ratification of the European Convention on Legal Status of Migrant Workers.

Adequate migration management

Improving training of competent services

The Ministry of Foreign Affairs and European Integration (MFAEI), in partnership with the International Organisation of Labour and the OSCE Mission to Moldova, organised (October 21, 2005) a conference titled "Management of labour migration in the context of European Union enlargement". This conference offered the opportunity to evaluate the perspectives and to identify effective mechanisms for implementation of policies concerning migration, assessment of labour migration trends in the E.U., and their impact on migration processes in Moldova. It is also expected to highlight the role of diplomatic missions in migration management issues. Obviously, enhanced efforts are necessary in this area.

...and efforts aimed at adjusting domestic laws to European requirements seem a little bit slow...

Know-how transfer and study visits to E.U. countries

Study visits have been made to a number of E.U. member and candidate countries (Latvia, the Czech Republic, Bulgaria, Romania) in order to learn their experience in migration management. The purpose of those actions was to assimilate what procedures have been enforced in migration matters and how they have been applied in practice. Another goal was to improve the skills of the persons working in this area.

National Action Plan for migration and asylum policy

On August 10, 2005, by a Government decision, a working group was formed to work out and enact a National Action Programme on Migration and Asylum. This paper appeared on October 30, 2005 and it was passed onto the Government for review. Under the so-called List of Priorities outlined by the E.U. Action Plan for Moldova, drafted by the MAEIE, the National Action Programme on Migration and Asylum was due for adoption in November 2005.

...though it is yet one of the primary goals of the E.U. Action Plan for Moldova, adoption of the National Action Programme on Migration and Asylum has been delayed...

Adapting national laws to E.U. norms;

Implementation of the 1951 United Nation Convention on Refugees Status and of the 1967 Protocol on Refugees Status

Changes have been inserted in the Law on Refugees Status (Articles 1-2, 4, 8, 10-12, 14, 22, 23, 25, 26, 28, 29, 31, 32, 34). The amendments envisage the introduction of humanitarian protection as a form of additional protection and adjustment of provisions concerning the exclusion and cancellation of causes outside the 1951 convention.

Implementation of the Geneva Convention and Protocols, particularly by developing and building an asylum system

In order to develop an asylum system, Moldova plans to implement the 1990 Dublin Convention and the EURODAC system. Moldovan representatives actively participate in consultations regarding this subject.

Consolidating cooperation concerning migration

Beginning a dialogue with the E.U. on readmission for conclusion of a readmission agreement

Till now, readmission agreements have been signed only with several E.U. countries, mainly with the new members. At the same time, new agreements are being drafted. In 2005, Moldova succeeded in negotiating and signing readmission agreements with the Czech Republic, Italy, Lithuania, Poland, and Hungary. Work is underway to complete similar procedures with France, Germany, Slovakia, the Republic of Ireland, the United Kingdom, and Benelux countries. These agreements are part of the 2005-2009 legislation plan of Moldova (due to enforcement in 2005-2007).

...a number of readmission agreements have been signed, others are being drafted...

Dialogue on illegal emigration

An agreement on temporary residence and employment of Moldovan migrants in Portugal has been prepared for signature between Chisinau and Lisbon. Meanwhile the National Migration Bureau has started a pilot project concerning the employment of Moldovan migrants in Italy. It is worth to remember that Italy and Portugal are the main destinations of Moldovan migrant workers in the E.U. In order to ease the efforts aimed at protecting the rights of migrant workers, Moldova ratified the IOM Convention 97 concerning migration of jobseekers.

...Moldova succeeds in signing visa facilitation agreements with Lithuania and Poland...

Dialogue on visa policy

Moldova is examining at present a mechanism of visa regime facilitation for E.U. citizens. As a result of bilateral negotiations, Moldova signed with Lithuania and Poland visa facilitation agreements (a fact that speaks again in favour of the special interest of these countries in the Western territories of the former Soviet Union). This positive experience May be used in relations with other E.U. member states, too.

Monitoring grid 7 Migration management

Indicators	State in 2004	Progress in 2005	Factors of influence	Sources
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Monitoring, evaluation and management of migration	<ul style="list-style-type: none"> ▪ Despite the importance of this phenomenon both for Moldova and “host” countries in E.U., the Moldovan authorities did not hold efficient tools to monitor the management of migration processes. The level of regional and internal cooperation between different relevant agencies was insufficient. 	<ul style="list-style-type: none"> ▪ Creation of the Information Centre of NBMI; ▪ Boosting and institutionalisation of cooperation between NBMI, Border Guard Service, MIA, MID and state register of population; ▪ Criteria for statistical evaluation of migration were worked out. 	European Commission, Moldovan authorities, relevant international organisations	European Commission, MFAEI, NBMI, IOM
Adjustment of legislation on migration to E.U. norms	<ul style="list-style-type: none"> ▪ Legislative acts regulating the migration and asylum (law on migration and law on refugee’s status) adopted in 2002 contained many shortcomings concerning the E.U. norms and they should be modified; ▪ There was no national strategy on migration management. 	<p>More progresses related to elaboration than to adoption and implementation:</p> <ul style="list-style-type: none"> ▪ The law on status of refugees was modified; ▪ The draft law on ratification of the Council of Europe’s Convention on the Legal Status of Migrant Workers (expected to be ratified in the 1st trimester of 2006) was worked out; ▪ The National Action Plan on migration and asylum problems was drafted (its adoption is late); 		The same except for IOM
Cooperation in the area of migration and visa policies	<ul style="list-style-type: none"> ▪ Significant lack of international agreements (on readmission and facilitation of legalisation of migrant workers) capable to facilitate the migration management; ▪ Difficult visa procedures 	<ul style="list-style-type: none"> ▪ Signing of agreements on readmission of the Czech Republic, Italy, Lithuania, Poland, Hungary; ▪ Draft agreement with Portugal regarding facilitation of employment of Moldovan migrants is being worked out; ▪ NBMI has initiated a pilot project aimed to facilitate employment of Moldovan migrants in Italy; ▪ Agreements on facilitation of visa regime were signed with Poland and Lithuania; ▪ Opportunity to facilitate the visa regime for E.U. citizens is being studied. 	European Commission, national authorities of the states concerned.	

ABOUT PROJECT AND ORGANISATIONS

This report is published as part of the project “The European Union - Republic of Moldova Action Plan: A document accessible for the public”. The project is being implemented by two non-governmental organisations: ADEPT and EXPERT-GROUP, and it is financed by Britain’s Department for International Development. The concept of this project was born in a dynamic political context, which was determined by political, economic, and social factors. In this context, implementation of the E.U.-Moldova Action Plan will be a complex and an important task as well. The Government, the MFAEI, and other public authorities will play a key role in the process of enforcement of this Plan. And the civil society, too, plays an important role both in promoting the Plan and in monitoring the implementation process.

Under these circumstances, the project is meant to create a wide and open framework for promotion of debate in Moldovan society concerning the implementation of the Action Plan. It bears therefore two objectives:

Objective 1: Improving knowledge about the E.U.-Moldova Action Plan among nongovernmental organisations and society in general, in order to facilitate their participation in discussion regarding Moldova’s European policy.

Objective 2: Lobbying for adoption of public policies via the analyses and expertise in areas envisaged by the E.U.-Moldova Action Plan, in a way that makes the process more efficient, more transparent, and more focussed on achieving the actions described in the Plan.

The Association for Participatory Democracy ADEPT is a non-government, not-for-profit, independent, and non-partisan organisation, which is acting in the Republic of Moldova. ADEPT was registered in January 2000. It has gained status of an organisation working for public benefit. ADEPT is an analytical and practical centre that offers expertise in electoral and democratic processes in Moldova, in South-Eastern Europe, and in the Commonwealth of Independent States. The mission of ADEPT is to promote and to support citizen participation in all aspects of public life.

EXPERT-GRUP is an independent think tank that acts in the Republic of Moldova. Being a non-governmental organisation, EXPERT-GRUP is not affiliated politically to any party and it decides independently on its institutional strategy. The mission of EXPERT-GRUP is to contribute to the economic and democratic development of Moldova and to consolidation of Moldova’s international competitiveness. The organisation uses analyses and research at international quality standards as its practical instruments to achieve these goals. Economic policy, European integration, private and public management are the areas where EXPERT-GROUP expertise is applied.

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