



EXPERT-GRUP and ADEPT

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**European Union – Republic of Moldova Action Plan:
Assessment of progress in 1st Quarter of 2006**

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ABBREVIATIONS AND ACRONYMES

PCA – Partnership and Cooperation Agreement;
PACE – Parliamentary Assembly of the Council of Europe;
NBM – National Bank of Moldova;
NBMi – 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;
IOM – International Organisation for Migration;
OSCE – Organization for Security and Cooperation in Europe;
PRGF – Poverty Reduction and Growth Facility;
SPSEE – Stability Pact for South East Europe;
RM – Republic of Moldova;
EGPRSP – Economic Growth and Poverty Reduction Strategy Paper;
EU – European Union;
USD – U.S. dollar;

METHODOLOGY

Reports from Euromonitor series aim at an independent and objective monitoring of the process of implementation of the Moldova – European Union Action Plan. The actions taken and implemented by the signatory parties of the Action Plan will be monitored every quarter.

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

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

1. Democratic institutions;
2. Transnistrian conflict;
3. Consolidation of administrative skills;
4. Justice;
5. Development and economic and social reforms;
6. International trade;
7. Business climate;
8. Border control;
9. Combat of trafficking in human beings;
10. Migration management.

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

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

The progress was calculated as a simple average of assessments of experts when external experts have been interviewed. The evolution of indicators for every field is indicated in the proper monitoring grid. The grid indicates the evolution in the first quarter of 2006, factors that conditioned this evolution, practical impact on observed developments, circumstances that favour the progress in future, risks that could compromise the progress, as well as the extent of progress.

The Action Plan is a document formulated in rather ambiguous terms. It represents a (unfinished) strategy rather than a proper action plan. 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 authors to monitor the evolution of the Plan remains open for debates and recommendations of the public in continuation.

SUMMARY

Democratic institutions

In the first quarter of 2006, the Government and the Parliament adopted or prepared for adoption a number of laws and regulations for several key areas: human rights, equal chances, prevention of torture, access of citizens to information of public interest, cooperation of the public institutions with civil society. These have outlined a certain political will towards fortification of the democratic institutions. At the same time, there was no remarkable progress regarding the areas of maximum sensitivity that were envisaged in the PACE Resolution and PACE Recommendation from October 2005 (audiovisual, parliamentary immunity, justice, local public administration). The Council of Europe (CoE) Committee of Ministers has reminded the Moldovan Government about its failure to abide by certain judgements of the European Court of Human Rights (ECHR), and the European Parliament underlined in its Resolution on Human Rights in Moldova and in Transnistria on 16 March 2006 the need to ensure transparency of appeal trial in the controversial Pasat case. These two actions indicate the fact that Moldova applies the principles of the state based on the rule of law when this is convenient for the authorities, rather than enforcing this principle permanently and unbiased.

Transnistrian conflict

Negotiations concerning the Transnistrian dispute in the 5+2 format have led nowhere. They were interrupted at the end of February when the Transnistrian side refused to let residents and goods from Moldova-controlled Dorotcaia village move freely and denied farmers from settlements under Moldovan jurisdiction on the left bank of the Dniester river to work their fields. On 3 March 2006, Ukraine enforced an agreement with Moldova regarding the transit of goods over the border between the two countries, creating thus a new situation that carried both opportunities to approach the day of settlement and risks of degradation. The European Union, the United States, the Organisation for Security and Cooperation in Europe, and the Council of Europe supported at various degrees the new customs regime at the Ukrainian-Moldovan border. But Russia and the separatist authorities of Transnistria said it was an "economic blockade." Claiming that Moldova violated sanitary rules, Russia blocked the import of wines from Moldova. This way, Russia enacted the threats which the State Duma passed in three resolutions in February 2005, by recommending the executive to introduce economic sanctions for Moldova over the latter's Transnistrian policy. There had been no progress regarding the Russian obligation to pull out troops and weapons from eastern Moldova and there had been no action on behalf of Moscow to comply with its international commitments.

Consolidation of administrative capacity

In spite of some encouraging signals, the implementation of the central public administration reform has been slow. There was a sort of progress in the advertising of this reform, which most public functionaries accept and embrace. The Government analysed the previous attempts to reorganise the public administration system in order to avoid other mistakes and to draw plans for the future. Debate on this reform outlined the attitude of the political leadership about its functionaries, who are regarded vicious and corrupt. This attitude may raise high barriers in the way of the intended reform. The new Salary Law does not seem to be strong enough to motivate the functionaries or to do away with their vices. Meanwhile, there has been no success in depoliticising the public administration, and functionaries of various ranks remain heavily dependent on their links with the ruling party.

Justice

Very little was done in January-March 2006 to revise the legislation in order to ensure the independence and impartiality of the judiciary in Moldova, or the impartiality and effectiveness of prosecutors. Representatives of the judiciary made public their perceptions concerning the attitude of society and authorities over the problems in the judiciary sector, saying that those perceptions were necessary to prevent further errors and bad practices – especially in cases involving arrested persons. A moderate progress has been noted in securing the transparency of trials. A nationwide contest was announced for those willing to take over as magistrates and a project was launched to monitor the trials. The attitude of the central authorities demonstrates a negative perception of courts and judges, who are blamed for the decaying situation in the judiciary system. But this system does not benefit from anything special in order to function normally: courts are not supplied or endowed appropriately, judges are still underpaid.

Development, and social and economic reforms

Existing statistical data would not allow an assessment of how far Moldova has walked in poverty reduction in the first quarter of 2006. However, the governmental report on implementation of the Economic Growth and Poverty Reduction Strategy Paper in 2005 shows a long-term progress towards the intermediate targets of the Millennium Development Goals (eradication of extreme poverty, reduction of infant and maternal mortality). The bad news is that the spread of HIV/AIDS and TB advanced further. The worst thing is the failure to ensure a wider access of children from poor families to basic education and to ensure a wider access to social assistance programmes. To improve the assistance policy, the Ministry of Health and Social Protection launched in February 2006 a pilot project, which aims at verifying the mechanism that assesses the global income of beneficiaries. In 2006, state policies are designed to serve the macroeconomic stability.

At industry level, the worst fear stays with the reduction of wine production, in connection with Russia's ban on Moldovan wines. If this situation persists, then the situation will plunge into a crisis that will affect several sectors and will compromise the successes achieved in poverty reduction. A positive signal is the signature of an intermediate agreement with the International Monetary Fund over continuation of crediting within the PRGF mechanism. In the context of the new memorandum, it will be necessary to ensure a better compatibility between the priorities of PRGF and CCTM, to renounce the practice of casual tax facility, and to ensure a greater transparency in public finances management – three aspects that were quite problematic in January-March 2006.

International trade

Moldova's international trade has been degrading in quality. Since Russia introduced new commercial barriers, Moldovan exports have declined, while imports continued growing. The larger slice of exports to the European Union and the Central and Eastern Europe has not yet compensated the losses on eastern markets, while the trade deficit threatens this year's current account. The situation will get worse if Russia introduces more commercial barriers, for all kinds of spirits and wines from Moldova (and it did so) and begins repatriating Moldovan migrant workers. The Ministry of Economics and Commerce has drafted a new exports strategy for 2006-2008, but it does not look like one to bring immediate effects. In the first quarter of 2006, Moldova registered some progress in complying with its obligations towards the World Trade Organisation – by launching the MSTQ strategy – but other areas still hand on big signs of question. The Ministry of Economics and Commerce has assessed the savings of Moldovan producers at 20 million US dollars, as a result of enforcement of the GSP+ (Generalised System of Preferences Plus) by the E.U., and it has commenced negotiations to obtain the Autonomous Trade Preferences (ATP).

Business climate

The 2005 One Stop Shop pilot projects have produced encouraging results and in 2006 there extension was suggested. The few draft laws in the area of trade law have not captured a deserved public attention, though they were posted on the website of the Ministry of Economics and Commerce. There was no debate within the business community on these draft laws, a reason being the inadequate communication strategy. Official assessments of the first stage of the regulatory reform since 2005 have led to conclusions that bureaucratic resistance concerning this reform is still very strong. In 2006, the Ministry of Economics and Commerce released a new strategy on regulatory reform and a new nomenclature of authorisations, certificates and permits. Those excluded from this nomenclature became illegal automatically. A major drawback is Moldova's failure to create a national agency on competition protection. Privatisation in 2006 seems to remain a taboo issue, in spite of the extension of the 1997-98 (!) Privatisation Programme was extended on 22 December 2005 till the end of 2006. There is no doubt: nothing will be done this year about this programme. And there was no action in delimiting the certification functions between the Customs Service and the Chamber of Commerce and Industry – though this is a condition of the E.U. for the ATP.

Border control

Moldova has achieved a significant success in the border control area, but some failures that raise questions, too. The good news is that Ukraine decided to enforce an understanding with Moldova concerning new customs rules at the border between the two countries, especially along the Transnistrian portion of border. These rules expressly state that any goods carried from Moldova to Ukraine – with Transnistrian being part of Moldova – have to bear the official seals of Moldova. The move is intended to cut down smuggling across that border and enhance the supervision of border near Transnistrian. Moldova's relations with Romania and Ukraine in border issues are firmly based on cooperative fundamentals. But this cooperation is overshadowed by postponement of a regulatory reform for the Border Guard Service, and thus lack of adaptation of this service to European standards. There is also much to do about the participation of Moldova in the Soderkoping process.

Fighting trafficking in persons

The parliament ratified on 30 March 2005 the Council of Europe convention on struggle against trafficking in human beings, which was signed on 16 May 2005 in Warsaw. This was a very important step in fighting this sort of crime. At the same time, the legislature amended the Penal Code by toughening the punishment for trafficking. Another encouraging move is the participation of Moldovan diplomats both in prevention of trafficking and in assistance for victims of traffickers. We believe this is an important achievement in the struggle against trafficking. But on the other side, Moldova lacks an integrated system for trafficking record and for data processing. This makes the job of qualitative and quantitative evaluation of trafficking in persons difficult. Meanwhile, statistical data vary from national institutions to international organisations that collect information about trafficking.

Migration management

Moldova's achievements in migration control in the first quarter of 2006 are modest. The lack of notable successes in this area is determined, at a large extent, by the state of uncertainty of the National Migration Bureau, which is awaiting reorganisation – yet unclear how and when. This situation is likely to raise some obstacles in the way of implementation of the E.U.-Moldova Action Plan regarding migration. At the same time, Moldova has to reinforce its efforts to sign readmission agreements with the E.U. member countries. On the good side, we may observe the participation of Moldova in the European Commission Programme of Regional Protection as part of the AENEAS mechanism. This will contribute to a more effective management in migration and asylum issues.

1. DEMOCRATIC INSTITUTIONS

Human rights

The parliament has adopted a law that amends the Code of Penal Procedure, which removed the obligation to declare the appeal in the "typed" form only. The change will ease the plenary enforcement of the right to benefit from access to justice, for persons who are in detention or who are unable to prepare the formal contestation of court rulings in an adequate way. The executive has approved and released to legislature several draft laws concerning human rights:

- The second non-binding protocol to the international pact on civil and political rights concerning abolition of death penalty (adopted in New York on 15 December 1989);
- Protocol 13 to the European convention on defence of human rights and fundamental freedoms concerning the abolition of death penalty in all circumstances (signed in Vilnius on 3 May 2002);
- The optional protocol to the convention against torture and inhumane treatment, cruel and degrading punishment (adopted on 18 December 2002, in New York);
- The Council of Europe convention on struggle against trafficking in persons (signed on 16 May 2005, in Warsaw).

Equality of chances and non-discrimination

The parliament adopted the law on equal chances for women and men, a document that institutes regulatory, administrative and organisational measures to ensure promotion of women and men under equal conditions and to eliminate discrimination between genders. The executive has approved and released for adoption in legislature a draft law on struggle against violence in family. This aims at introducing an innovative regulation of relations in the area, and at forbidding some actions of those culpable under the respective law. It also seeks to keep a special record about violent citizens and to assist their victims.

Prevention of torture. Rights of detainees

In February 2006, a committee for complaints began working. It was created under the new Executory Code, for the purpose to carry out an impartial examination of detainees' complaints against actions of the police, penitentiary and courts. Detainees in Moldova send more than 3,000 complaints a year to the competent agencies, most of them referring to detention conditions, illegal actions of guards or prison officials. Many seek assistance or release on parole.

The government has reviewed the statute on enforcement of punishment, a document that aims to complete the provisions of the Executory Code regarding the rights and obligations of sentenced persons, to detail certain general provisions about carrying out the prison sentence.

Although Article 258 from the Executory Code states the right to pensions for inmates who suffer from disability or who have reached the legal age and fulfilled the necessary labour service, in reality no pensions are paid, because the existing regulations are flawed or inconsistent. The number of detainees included in the mentioned groups is around 140.

Fulfilment of recommendations of the Council of Europe

The Moldovan government has passed amendments concerning the regime of identity acts in the national passport system, by introducing the obligation for the local public authorities to inform the Ministry of Information Development about persons who live within the area under their supervision within 24 hours since they settle/appear there. No matter whether they are Moldovan citizens, stateless persons, or whether they have a permanent or temporary residence. The same amendments set out a mechanism of electronic access for local public authorities and electoral authorities to the information in the State Register of the Population about persons who do not have any identity papers in this Register (around 7% of all registered voters). These measures will improve the record of the population, will ease and make more accurate the drafting of voter lists, and will thus do away with a number of flaws indicated by experts from the Council of Europe and other international institutions.

The Special Representative of the Council of Europe Secretary-General has reiterated at a news conference that Moldova yet owes the Council to reform the judiciary, the audiovisual, and to ensure the freedom of the media and unhindered access to information – to demonstrate that it meets the criteria of a genuine democratic state and complies with its commitments.

Enforcement of judgements of the European Court of Human Rights

The parliament has passed an amendment to the Law on Governmental Agent, which contains new provisions regarding the payment of compensations, reparations and fines as ordered by the European Court of Human Rights (ECHR) and a mechanism of prosecution of persons whose deliberate activity resulted in the condemnation of Moldova or in the amiable settlement under which the government pays compensation. It is planned that the action will be started in a mandatory way by the Prosecutor-General, upon presentation of necessary information on the case by the Governmental Agent. The project is discussed in controversy by parliamentarians, human rights experts and lawyers. The corner of dispute is the imminence of persecution of judges who issued disputable rulings under pressure from political leadership or administrative authorities but later may be ordered to cancel those rulings and to pay compensations. It is also feared that imposing financial sanctions on magistrates would push things to a wrong side and would influence the freedom of

decision-making. There is already a law (1545/25.02.1998) that requires the culpable persons (judges, prosecutors, local public authorities) to cover the reparations and compensations for the damage inflicted by disputable decisions, but it is not functional.

At a recent meeting concerning the enforcement of ECHR decisions by the Moldovan authorities, participants said that the government has carried out all the decisions of the Court by deadline, except for the resolution in the case “Ilascu and Others vs Moldova and Russia”, which has not been enforced plenary because of “international conjuncture.” Prime Minister Vasile Tarlev has confirmed the responsibility of his cabinet to carry out of the judgements of the ECHR, but he has outlined the need to “build a legal framework for prevention of complaints from citizens to the European justice system.” That is because most judgements condemn Moldova over its failure to carry out own court rulings or delay to enforce own court rulings. The premier thinks that the situation can be resolve by amending the legislation by “increasing the responsibility of high ranking persons, who actions serve a reason to sue Moldova in the ECHR.”

The ECHR has also sentenced the government of Moldova in a case filed by the Christian Democratic People’s Party (PPCD), ordering the government to pay 4,000 euros in trial spending. The Court found that the authorities violated Article 11 from the European Convention on Human Rights, the chapter concerning freedom of meeting and association, given the fact that the Ministry of Justice had suspended the PPCD over unauthorised meetings. In 2004, the parliament modified the corresponding article in the Law on Parties and Social-Political Organisations, erasing the right of the Ministry of Justice to suspension of any party “in cases when the latter breaks the law or neglect the [official] warning.” Nevertheless, the law still allows the Ministry of Justice to suspend a party or social-political organisation for maximum six months (and later till 12 months), if the latter “violates the Constitution,” without any mention who decides or how it is established that the fundamental law was violated. The Council of Europe Committee of Ministers has passed an interim resolution under which the Moldovan authorities were blamed for not providing implementation of the ECHR decision and recommendations concerning the legislation on religion, though several draft laws in this area have been elaborated¹.

Cooperation with civil society

On 16 February 2006, the Permanent Office of parliament passed a decision concerning the enforcement of parliamentary decision on approval of the concept regarding cooperation between the legislature and civil society. That concept set out the attributions and obligations of the working structures of parliament, which are directly involved in the cooperation process. At the end of February, the parliament posted on its website the first draft laws for public debate and consultation. Although the situation seems to be improving, there are yet problems in this area: the projects concerning certain international treaties are not seconded by the texts of those treaties, and the explanatory notes, expertise conclusions, approval deeds, and reference to domestic or international acts are missing as well. None of the projects from the previous agenda of parliament (prior to 2006) has been made public, and none of the daily agendas of plenary sittings has been released to the public – even after the sittings.

The parliament has passed an amendment to the Law on Publication and Enactment of Official Acts, which envisages the obligation to post all official legislative and regulatory papers on the official webpages and to ensure free access to this information. Currently, the access to the legislative/regulatory framework is ensured via the website of the Ministry of Justice www.justice.md, but this service is defective, since it is being still tested and constructed.

The government’s official website (www.gov.md) built a plug-in window for suggestions, complaints, reports, and questions for the prime minister and for the cabinet in general. But this service is not operational online, while the questions and answers cannot be seen. The executive had earlier appointed press relations officers to every authority within the central public administration.

Rights of employees

The findings of the Labour Inspection service show that more than 6,300 enterprises and organisations were inspected in 2005 and 62,000 violations of labour protection rules and of employees’ rights were reported. Most frequent violations refer to the use of labour force without individual work agreements, overtime work, and underpayment, use of prohibited equipment and installations, refusal to pay compensations. The Labour Inspection service operates a hotline for employees who want to report a violation or to ask for assistance (499-400).

In late March, the parliament acknowledged the formal registration of the draft **law on organisation and functioning of the national commission for collective consultations and negotiation**, and of area and industry commissions for collective consultations and negotiation. This document sets out the legal status, the mode of organisation and functioning of the national commission for collective consultations and negotiation and of the area and branch commissions. These structures are designed to settle social-economic problems and to develop social partnership at the level of country, district, and industry. The representatives of the non-governmental sector criticised certain provisions of this draft law, especially those concerning the appointment of a governmental representative sitting in office to the post of chairperson of the mentioned national commission.

¹ <https://wcd.coe.int>

Freedom of the media and access to information

In February 2006, the Chamber of Auditors released for the public several decisions, which earlier were not made available due to various subjective reasons:

- Decision 87 from 13.12.2005 concerning the findings of an audit in the administration of the President of Moldova in the period 2003-2004;
- Decision 84 from 18.11.2005 concerning the findings of an audit in the State Chancellery and certain institutions under its subordination in the period 2003–2004;
- Decision 83 from 10.11.2005 concerning the findings of an audit in the Centre for the Struggle against Economic Crimes and Corruption in the period 2003-2004.

The action plan of the Supreme Court of Justice for 2006 contains a list of special seminars concerning the enforcement of the law on access to information by the courts.

The Ministry of Foreign Affairs and European Integration has asked the modification of the legislative framework that regulates the audiovisual sector, including the activity of the national broadcaster TeleRadio-Moldova, these being imperative requests that “have to be fulfilled by the authorities immediately, in compliance with the E.U.-Moldova Action Plan.”

Monitoring grid 1 Democratic institutions

Indicators	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
Stability and efficiency of democratic institutions	<ul style="list-style-type: none"> Stability of public institutions persists. No premises capable to undermine their stability are expected in the immediate perspective; 	<ul style="list-style-type: none"> Existence of a legislative forum of an absolute majority; Lack of antagonisms between branches of power; 	<ul style="list-style-type: none"> Relatively positive appreciations on the first year of implementation of the Action Plan and EGPRSP; Maintenance of interest for cooperation with international organisations specialised in fields of strategic importance for Moldova; 	<ul style="list-style-type: none"> Optimum conditions for Government's programmes; Support of international democratic institutions (CoE, OSCE) Political partnership between power and opposition in fields of strategic interest; 	<ul style="list-style-type: none"> Stability of public institutions based on „vertical of the state power” inhibits the initiative and reformatory dynamism; Low administrative capacity; Insufficient financing of some public institutions; 	0	Estimates of authors
	<ul style="list-style-type: none"> No important evolutions in fields of activity of nongovernmental organisations were registered; NGOs had a positive but anemical reaction to the offer of the Parliament and Foreign Ministry on cooperation; 	<ul style="list-style-type: none"> Low output of activity of NGOs; Existence of sources of financing for implementation of certain projects; 	<ul style="list-style-type: none"> Number of NGOs is on a continued rise (~2-3 percent in half a year), and there are approximately 3,600 NGOs at present); A number of NGOs proposed solutions to the Transnistrian conflict (IPP) and optimisation of decision-making process (Acces-Info); 	<ul style="list-style-type: none"> New opportunities related to offer of public institutions to cooperate in fields of board public and specialised interest; New offers of collaboration and sharing of good practices of NGOs from Central and South East Europe 	<ul style="list-style-type: none"> Bad image of NGOs and lack of confidence of citizens for them; Incapacity of self-organisation in order to honour the public promises and to evaluate own potential of cooperation between them and public authorities; Quasi-total financing of NGO from foreign sources 	0.5	Estimates of authors
	<ul style="list-style-type: none"> Parties worked under stable conditions, but inadequate to enhance efficiency; New political parties have appeared; 	<ul style="list-style-type: none"> Approach of the May 2007 general local elections and start of preparations for them. Cooperation between power and opposition in fields of „national consensus”; 	<ul style="list-style-type: none"> Political claims of opposition parties were partly satisfied; CEC cooperates with all parties; Political parties, members of doctrinary international, obtained support for Moldova regarding problems of national interest; 	<ul style="list-style-type: none"> Offers of consulting and organisational support from IRI and NDI; Support of the Christian Democratic, Socialist, Liberal internationals for parties; Supportful of Swedish Social Democrats and Greek Socialists for modernisation of the ruling party of Moldova; 	<ul style="list-style-type: none"> Political parties face a crisis of identity generated by “national consensus”; Low confidence of citizens for political parties; Low democracy of internal party democracy; The adoption of draft law on financing of parties accordingly to recommendations of CoE and OSCE 	0.5	Estimates of authors
Supremacy of state based on rule of law	<ul style="list-style-type: none"> Supremacy of the state based on rule of law remains a declared value, respected only when the major interests of the governing elite are not affected 	<ul style="list-style-type: none"> Recommendations of CoE, Venice Commission; Need to fulfil the PACE resolution; 	<ul style="list-style-type: none"> None of tasks established in the legislative programme concerned was fulfilled exactly in the 1st quarter of 2006; 	<ul style="list-style-type: none"> Existence of an offer of support through expertise and elaborations from civil society and some specialised international institutions; 	<ul style="list-style-type: none"> Draft documents of great political interest and eventual major are not made public. 	0	www.coe.int Legislation of Moldova
	<ul style="list-style-type: none"> The Parliament adopted the amendments on Law about Governmental Agent; 	<ul style="list-style-type: none"> ECHR adopted 29 judgments against Moldova for violation of human rights in 2001-2004; 	<ul style="list-style-type: none"> Some new orders on payment of damages established by ECHR were proposed; 	<ul style="list-style-type: none"> An alleged mechanism of exercising of the right to regress against people whose deliberate activity served as ground for sentencing of state or determined the signing of agreements on amicable settlement of the case by paying some inherent damages. 	<ul style="list-style-type: none"> Representatives of legal community consider an eventual imminent sanctioning of some judges who did not resist to political-administrative pressures and passed decisions contested in the ECHR meanwhile as a serious shortcoming. 	0.5	Legislation of Moldova Shorthand records of the Parliament's sittings

Indicators	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
	<ul style="list-style-type: none"> Supremacy of the state based on rule of law was thrown under doubts during examination of lawsuits of major interest and with a significant political or economic impact such as the Pasat and Turcan trials; 	<ul style="list-style-type: none"> Attitudes of puzzle and concern expressed by the U.S. Embassy to Moldova, Resolution of the European Parliament, Moldovan mass media. 	<ul style="list-style-type: none"> Recommendations of the European Parliament for Moldova to conduct a transparent and fair process 	<ul style="list-style-type: none"> The influence of international democratic institutions Trying of executor only, not of accomplices, holders of state high-ranking offices whose consent was decisive for deal; 	<ul style="list-style-type: none"> Sale of military patrimony had earlier been investigated, and there were two decisions of the Parliament and Chamber of Auditors in this regard. Examination of the case of Valeriu Pasat in a close-door trial and in a period that invoked a certain political context raised doubts that the need of a legal demonstration of the guilt of defendant was dictated by opportunity, not necessity of triumph of supremacy of the law. 	-1	Official communications, ww.europarl.eu.int
	<ul style="list-style-type: none"> Certain ECHR judgments were not executed in continuation 	<ul style="list-style-type: none"> Committee of Ministers of CoE expressed concern with delay the full execution of the 2001 ECHR judgment on Metropolitan Church of Bessarabia vs Moldovan Government. ECHR sentenced Moldova more than once in in the case Popov vs Moldova 	<ul style="list-style-type: none"> Although the Metropolitan Church of Bessarabia was registered after an ECHR judgment; the Council of Europe considers that the authorities did not ensure the complete execution of the judgment as regards the modification of legislation on religious freedom, with the purpose to prevent the violation of provisions in the field of the European Convention on Human Rights in future. 	<ul style="list-style-type: none"> The Government examined the execution of ECHR judgments by Moldovan authorities, mentioning that all enforced decisions were executed in due time, except for the judgment on members of the Ilascu group, which is not entirely executed "because of the international conjuncture". 	<ul style="list-style-type: none"> The Committee of Ministers of the Council of Europe considers that Moldova's legislation continues to offer discretion to the Government as regards the recognition, suspension or withdrawal of recognition of religious denominations and recommends the Moldovan authorities to speed up the adoption of a new law on religious denominations by taking into account the conclusions and recommendations of CoE experts 	0	www.coe.int Official communications
Guaranteeing of human rights and fundamental freedoms	<ul style="list-style-type: none"> Renunciation to declaration of a typed mandatory remedy; The Government delivered documents on joining of international treaties to the Parliament; 	<ul style="list-style-type: none"> Need to implement the provisions of the National Action Plan on Human Rights 	<ul style="list-style-type: none"> Plenary insurance of the right of access to a court of inmates or persons incapable to contest judgments. 	<ul style="list-style-type: none"> Implementation of the national action plan on human rights; 	<ul style="list-style-type: none"> Imperceptible 	+1	Legislation of Moldova
	<ul style="list-style-type: none"> The committee for com- 	<ul style="list-style-type: none"> High annual number of 	<ul style="list-style-type: none"> On February 16, 2006, the 	<ul style="list-style-type: none"> The CPT reform con- 	<ul style="list-style-type: none"> Difficult previous situa- 	+1	Official communica-

Indicators	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
Prevention of torture and degrading treatments	plaints created accordingly to provisions of the new Execution Code started its work;	complaints form detainees;	European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT) presented the report on a visit paid to Moldova in September 2004 ² .	tains recommendations on conditions of detention in prisons and police arrest, rights of persons held for contravention, insurance of the right to defence, etc.	tion; • Low financial resources;		tions Legislation of Moldova
Insurance of equal chances	<ul style="list-style-type: none"> • Law on insurance of equal chances to to women and men • Draft law on combat of family violence; 	<ul style="list-style-type: none"> • PA; • Recommendations of international institutions; 	<ul style="list-style-type: none"> • Principles and regulations on insurance of equal chances; 	<ul style="list-style-type: none"> • Positive attitude of society, lack of some mediated cases of discrimination; 	<ul style="list-style-type: none"> • Imperceptible; 	+1	Legislation of Moldova
Insurance of rights of association	<ul style="list-style-type: none"> • Right of association is insured, but shortcomings persist; 	<ul style="list-style-type: none"> • ECHR findings on violation of provisions of Article 11 of the European Convention on Human Rights (suspension of activity of PPCD); 	<ul style="list-style-type: none"> • The ECHR judgment on modification of the law on parties, through the Parliament amended the law on parties in 2003, excluding the right of the Justice Ministry to suspend the activity of the party if it "violates the law or does not comply with requirements of the warning"; 	<ul style="list-style-type: none"> • Political partnership in which the opposition may claim legitimate rights with great chances to see their proposals accepted; 	<ul style="list-style-type: none"> • Law on parties still admits the right of the Justice Ministry to suspend the activity of party or other social-political organisation for up to 6 months (for one year later) „if they violated the Constitutions,” without establishing however any modality to ascertain these violations; 	0	www.coe.int Official communications Mass media
Respect for rights of workers	<ul style="list-style-type: none"> • The Government approved a draft law on organisation and functioning of the national commission for collective consultations and negotiations; • The Labour Inspection opened a rapid access telephone line; 	<ul style="list-style-type: none"> • Pressures on unions; • Registration of a high number of violations of regulations on protection of work and rights of employees 	<ul style="list-style-type: none"> • Salary earners got the possibility to communicate shortcomings or to ask consultations; 	<ul style="list-style-type: none"> • Activity of trade unions; 	<ul style="list-style-type: none"> • Violations related to use of labour force remain frequent; non-issuing of individual labour contracts; violation of time of work, etc; 	0	Official communications
Freedom of press and access to information	<ul style="list-style-type: none"> • Publishing of draft laws on the Parliament's website for public consultations; • Publishing of some judgments of the Chamber of Auditors that have earlier been inaccessible to public; • Mandatory publishing of official legislative and normative acts for free online access. 	<ul style="list-style-type: none"> • Parliament's decision on cooperation with civil society; • MFAIE sought the modification of legislative framework regulating the audiovisual, including the activity of TeleRadio-Moldova Company, • The low number of applications to court after refusal to provide information of public interest. 	<ul style="list-style-type: none"> • Draft laws may be consulted before adoption; • The access to the normative-legislative base is ensured vis the website of the Justice Ministry www.justice.md • The concern related to the lack of progress in this field made the Foreign Ministry to demand the urgent modification of the framework regulating the activity of audiovisual 	<ul style="list-style-type: none"> • Special seminars on practice on implementation of legislation on access to information by courts in the action plan of the Supreme Court of Justice for 2006. 	<ul style="list-style-type: none"> • Accessible projects envisage changes in certain earlier adopted documents or ratification of some international acts, but the texts of these treaties are not accessible, information notes, notices, expertises and footnotes to community or internal acts indicating the need to work out these drafts. 	+1	Work "Access to information. Regulations. Commentaries. Cases", published by Acces-Info Centre

² The entire document is available at <http://www.cpt.coe.int/documents/mda/2006-02-16-eng.htm>

2. TRANSNISTRIAN CONFLICT

Political negotiations in "5+2" format

In 2006, there were two rounds of negotiation in 5+2 format: on 26-27 January and on 27-28 February. The agenda of the first round featured such issues as the situation in the Dorotcaia village area, creation of an international mission for evaluation of the situation and organisation of free elections in Transnistria, and fulfilment by Transnistria of confidence-building measures as proposed by the OSCE in summer 2005 etc. Ukraine formally presented its decision to suspend the implementation of a new customs regime at the Moldovan-Ukrainian border, in spite of plans to introduce it on 25 January, and proposed instead more consultations to clarify the practical aspects. There was no agreement between participants in any of the subjects.

The second round was interrupted on the second day, when the Moldovan delegation left the negotiation table. The Ministry of Reintegration explained in a press release that it was concerned over the lack of progress in the effort to ensure the free circulation of citizens and goods to, from, and around Dorotcaia. It called on participants in negotiation to focus on this problem, given the fact that spring field works are approaching. The only paper signed was a joint declaration of mediators and observers, in which they regretted the interruption of the negotiation process, but reaffirmed their readiness to hold consultations regarding the continuation of this process.

The date of the next round has not been established yet. The Transnistrian authorities have threatened to withdraw from the 5+2 format in connection with what they called "economic blockade" from Moldova and Ukraine since 3 March 2006. Given the tense situation in the Transnistrian region and worsening Moldovan-Russian relations, and Ukrainian-Russian relations, the resumption of negotiations in the 5+2 format is unlikely.

Cooperation between the E.U. and Moldova

At a press conference dedicated to the first anniversary of the E.U.-Moldova Action Plan, Cesare de Montis, head of the European Commission Delegation in Chisinau, said that the Union was unhappy with the pace of Transnistrian settlement process in 2005. This was the main reason why the E.U. has renewed the travel ban for 17 members of the separatist administration in Tiraspol.

Marianne Mikko, head of the European Parliament delegation in the E.U.-Moldova Committee for Parliamentary Cooperation, said that the federalisation of Moldova as a solution for the Transnistrian conflict contradicts the Moldovan Constitution, while the presence of Russian troops on Moldovan territory was illegal. According to international press reports, Marianne Mikko has sent a letter to the Chairman-in-Office of the OSCE, Belgian Foreign Minister Karel De Gucht, in which she asked for explanations regarding his statements in early January that the Russian military presence in eastern Moldova was "just a theoretical matter"³.

E.U. diplomatic and political assistance

The period covered was remarked by a wider activity of E.U. institutions aimed at supporting politically and diplomatically Moldova in the Transnistrian issue. Thus, on 14 February, the E.U. Council adopted a common stance by which it renewed the travel ban for 17 Transnistrian leaders to the Schengen agreement countries, over the lack of progress in the settlement process. The Council said in its declaration that the settlement is crucial for the stability and prosperity of Moldova and for the full capitalisation of potential in her relations with the bloc. The United States and Romania, too, signed under the travel ban.

The E.U. Presidency, the European Commission and the European Parliament, as well as many E.U. member states (the United Kingdom, Portugal, Latvia etc.) have all supported the introduction of the new customs regime at the Moldovan-Ukrainian border on 3 March 2006. The E.U. believes the actions of Moldova and Ukraine will lead to legalisation of Transnistrian businesses and will foil smuggling across the border between the two neighbours. The High Representative for Foreign Policy and Common Security, Javier Solana, described the measures as "very important for establishment of an ordered regime at the Moldovan-Ukrainian border, which is very important for the E.U."

Securing the Moldovan-Ukrainian border

On 3 March, Ukraine enforced a joint declaration on transit of goods across the Moldovan-Ukrainian border. It was signed by the prime ministers of the two countries on 30 November 2005, for the purpose to normalise the trespassing of goods and to foil smuggling. Under its terms, only those goods that bear the official customs specimen of Moldova will be able to leave Transnistria. Meanwhile, the Moldovan authorities introduced simplified procedures of provisional registration of Transnistrian businesses with the State Registration Chamber and

³ Frozen conflicts and organized crime priorities for 2006 says new OSCE Chairman, Belgian Foreign Minister De Gucht, www.osce.org

committed themselves to reimburse the fees to Transnistrian firms operating with Moldovan customs certificates. Ukrainian President Viktor Yushchenko announced on 11 March that the new customs procedures at the border with Moldova were meant to ensure greater transparency and that the E.U. Border Assistance Mission (EUBAM) was supervising those procedures, to make sure they were compliant with the international norms.

The EUBAM released on 16 February the results of its first assessment of infrastructure and control procedures at the Moldovan-Ukrainian border. It recommended chiefly to develop the institutional procedures and to improve the border control procedures. Moldovan Foreign Minister Andrei Stratan was quoted as saying that border monitoring constituted one of the principal aspects of Moldovan-Ukrainian relations and thanked the government in Kiev for its support. Making a roundup of the first four month of activity, the EUBAM chief, General Ferenc Banfi said on 23 March that the Mission registered an insignificant number of smuggling cases by that time and that the situation at the border was under control. In a near future, the Moldovan and Ukrainian customs services will receive equipment and technical assistance to monitor the Transnistrian portion of border. General Banfi supported Ukraine's decision to apply the new customs regime and stated that this move fitted the international standards, and ensured legality at the border. The head of the EUBAM rejected the speculations of Transnistrian authorities regarding the existence of a "humanitarian crisis" in the breakaway enclave as a result of enforcement of the new customs regime.

Participation of civil society

During the period covered, there have been two public sessions of the Council for Transnistrian Conflict Monitoring (CMCT), a non-political forum of experts and civil society groups from both banks of the Dniester that monitors the Transnistrian settlement process. The CMCT has built a website where it inserts the records from public sittings and news about the latest developments in the Transnistrian issue (www.conflict.md). On 22 March, the CMCT made public a declaration in which it condemns the actions of the separatist authorities, aimed at self-isolation and degradation to a "humanitarian crisis" in the region, as well as a decree by Igor Smirnov that bans external financing for local NGOs. On 10 March, Transnistrian enforced a decree of Smirnov concerning the NGOs funding. The measure will result in the weakening and even closure of a number of NGOs in the region, undermining thus their role in promoting a democratic change there.

On 16 February, a joint group of experts from Moldova, Ukraine and Romania made public in Chisinau a trilateral plan for Transnistrian, titled "Regional partnership for a solution based on mutual commitment." Arcadie Barbarosie, director of the Public Policy Institute, said the purpose of the plan was to propose an approach that would eventually produce some results in the conflict settlement process, and to raise public and official awareness regarding the Transnistrian issue. The full text of the plan can be downloaded from www.ipp.md.

Monitoring grid 2 Transnistrian conflict

Indicators	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
Political negotiations ("5+2" format)	<ul style="list-style-type: none"> The January negotiation round ended with a protocol, while the February was not completed; 	<ul style="list-style-type: none"> Lack of progress regarding the problem of farmers from Dorotcaia village; 	<ul style="list-style-type: none"> Both rounds have failed; 	<ul style="list-style-type: none"> Diplomatic mediation of observers and OSCE. 	<ul style="list-style-type: none"> Intransigence of Transnistrian authorities, open political and economic support of Russia for Transnistria; 	-1	News agencies: Infotag, Regnum.ru, Basa-press, Olvia-press
	<ul style="list-style-type: none"> Transnistria withdrew from negotiations because of what it described as „economic blockade”; 	<ul style="list-style-type: none"> Implementation of the joint Moldovan-Ukrainian customs regime; 	<ul style="list-style-type: none"> Suspension of negotiation process; 		<ul style="list-style-type: none"> Obstruction of the Moldovan-Ukrainian customs regime by Transnistrian authorities; 		
E.U.-Moldova cooperation	<ul style="list-style-type: none"> E.U. was unsatisfied with progress of the Transnistrian settlement in 2005; E.U. demanded explanations from the OSCE chairman-in-office regarding his statements on Russia's commitments. 	<ul style="list-style-type: none"> Lack of progress in conflict resolution process; 	<ul style="list-style-type: none"> Diplomatic support for settlement efforts; 	<ul style="list-style-type: none"> Regulations of Action Plan; E.U. enlargement. 		+1	News agencies: Infotag, Regnum.ru, Basa-press, Olvia-press
Diplomatic and political assistance of E.U.	<ul style="list-style-type: none"> E.U. Council renewed the travel restrictions on 17 Transnistrian leaders; 	<ul style="list-style-type: none"> Lack of progress in conflict resolution process; Political commitments of E.U. within Action Plan; 	<ul style="list-style-type: none"> Sanctioning of Transnistrian authorities for obstructing the settlement process; 	<ul style="list-style-type: none"> E.U. will revise decision to impose restrictions in six months; 	<ul style="list-style-type: none"> Possible kick of European forces in Ukrainian parliament which will be elected on March 26. 	+2	News agencies: Infotag, Regnum.ru, Basa-press, Olvia-press Website of E.U.: www.europa.eu.int Website of the British Embassy: www.britishembassy.md Moldova Suverana
	<ul style="list-style-type: none"> European organisations supported the joint Moldovan-Ukrainian customs regime. 	<ul style="list-style-type: none"> Moldovan-Transnistrian border is a source of insecurity for E.U. 	<ul style="list-style-type: none"> E.U. support made Ukraine respect its customs commitments; 	<ul style="list-style-type: none"> European aspirations of Ukraine; E.U. commitments in Action Plan. 			
Russia's Istanbul commitments	<ul style="list-style-type: none"> No progress 	<ul style="list-style-type: none"> Russia's geopolitical interests. 	<ul style="list-style-type: none"> Undermining of Moldova's security; 	<ul style="list-style-type: none"> International pressures on Russia; 	<ul style="list-style-type: none"> Geopolitical interests of Russia 	0	
Securing of Moldovan-Ukrainian border	<ul style="list-style-type: none"> Ukraine implemented the joint customs regime at the Moldovan-Ukrainian border. 	<ul style="list-style-type: none"> Political and diplomatic support of the E.U. and U.S. and Ukraine's commitments within its Action Plan with E.U.; 	<ul style="list-style-type: none"> Border securing, legalisation of Transnistrian business and prevention of contraband at Moldovan-Ukrainian border; 	<ul style="list-style-type: none"> Massive support of E.U. and U.S., firm stance of Ukraine. 	<ul style="list-style-type: none"> Economic pressures of Russia on Ukraine; 	+2	News agencies: Infotag, Regnum.ru, Basa-press, Olvia-press Website of E.U.: www.europa.eu.int
	<ul style="list-style-type: none"> The first assessment of infrastructure and control procedures at the Moldovan-Ukrainian border. 	<ul style="list-style-type: none"> Agreements reached within E.U.-Moldova-Ukraine trilateral framework and action plans signed with E.U.; 	<ul style="list-style-type: none"> Border securing, consolidation of capacity of customs officers to ensure an efficient border control. 	<ul style="list-style-type: none"> Ukraine's respect for joint customs regime. 	<ul style="list-style-type: none"> Possible kick of European forces in Ukrainian parliament which will be elected on March 26. 		
Participation of civil society	<ul style="list-style-type: none"> Two public sittings of the Council on the Monitoring of the Transnistrian Conflict. 	<ul style="list-style-type: none"> Rise of interest of Moldovan, Ukrainian and Romanian civil society towards Transnistrian problem; 	<ul style="list-style-type: none"> Raising of awareness of public opinion and decision makers, try to hold public debates on issues related to the Transnistrian settlement; 	<ul style="list-style-type: none"> Existence of a dialogue on Transnistrian problem between authorities and civil society; expertise that independent experts may offer; 	<ul style="list-style-type: none"> Politicising of civil society; unbalanced participation of representatives from Transnistria in these initiatives; 	0	News agencies: Infotag, Regnum.ru, Basa-press, Olvia-press www.conflict.md www.ipp.md
	<ul style="list-style-type: none"> Trilateral plan on settlement of the Transnistrian conflict (Group of experts Moldova-Ukraine-Romania) Decree by Igor Smirnov prohibiting the foreign financing for Transnistrian NGOs. 	<ul style="list-style-type: none"> Self-isolation measures of Transnistrian regime taken as response to the joint Moldovan-Ukrainian customs regime; 	<ul style="list-style-type: none"> Negative impact on capacity of NGOs from region to promote democratic changes; 	<ul style="list-style-type: none"> Condemnation of restrictions by U.S. Embassy and OSCE Mission; requests of Transnistrian NGOs seeking the annulment of restrictions; 	<ul style="list-style-type: none"> Transnistrian authorities regard ONG financed from abroad as a threat for present status quo; Russia introduced similar restrictions; 		

3. CONSOLIDATION OF ADMINISTRATIVE CAPACITY

Administrative reform /Administrative efficiency

On 6 February, the governmental commission for central public administration reform (CPA) analysed the activities related to the launch of reform and approved a list of authorities and administrative authorities for a functional analysis at the second stage of the reform, with the purpose to work out recommendations on a better institutional organisation, elimination of post doubling, exclusion of improper functions and their delegation to subordinated structures or other entities and improvement of the decision-making process and elaboration of sectoral policies. It was decided to launch pilot projects within some ministries aimed to units of strategic analysis and planning. The central public administration authorities will propose the creation of some working group for implementation of CPA reform to work out proposals on a better functional efficiency and activity in compliance with practices of E.U. member countries.

It was established at a roundtable on implementation of the e-Government programme that there are essential differences between level of use of information technologies (IT) in central public institutions and institutions of local public administration. The Ministry of Information Development, which is in charge with implementation of the e-Government programme, says that the lack of necessary financial resources is one of main causes that obstruct the implementation of the programme.

The Parliament examined the law on pay system for budgetary sector in the mid-February, which establishes separately the salaries of public and first-ranking dignitaries. Salaries of function, completed with a series of rises (for length of work, qualification, confidentiality, etc.) are established for other public functions within central, regional and local authorities, military and those assimilated. The novel mechanism established by legislative act unifies the pay system and stipulates possibilities to pay some rises for high professional competence, intensity of work and fulfilment of some tasks of major importance, knowledge and speaking of two international languages. The law stipulates higher salaries for budgetary workers, but this process will gradually develop and in dependence on budgetary reserves. Independent experts say that the rises are not significant and the implementation of this law will not lead to an essential rise of administrative capacities, especially because the law does not stipulates the annual indexation of salaries. However, it stipulates the possibility to review the salaries of public functionaries „depending on reformation of public administration”.

Although it was not indicated as an internal priority or international commitment, the Parliament has adopted the law for the modification of the law on Government, creating a new competent central institution – the Ministry of Local Public Administration⁴. Most of opposition political forces, parliamentary and extra-parliamentary parties did not warm the initiative to create the new ministry. Under these circumstances, it was decided that competent international institutions will be consulted in order to establish the functions and competences of the new ministry and proposals of parliamentary factions, local public administration authorities and other interested factors will be taken into account.

Interference of economic-administrative and political interests

The Government had adopted an action plan aimed to improve the normative framework regulating the licensed activities and to optimise the licencing process⁵. The plan also stipulates severer sanctions for citizens and economic agents of the republic that practice an entrepreneurial activity without licence. It proposes the reintroduction of the penal punishments applied before enforcement of the new Penal Code, with some experts fearing that this situation has a possible negative effect and violations in the field could be efficiently sanctioned through alternative punishments.

Moldovan President Vladimir Voronin has described the state bureaucratic class as “main opponent of modern society,” one of main barriers on way of development of entrepreneurship and society in general⁶, during a festive meeting with members of the Party of Communists. The prime minister has ordered a checking of extra-service activities that functionaries of the central public administration, saying that many functionaries fail their tasks because they participate in various activities that unfit their status. Under indications of the premier, functionaries who hold commercial activities or earn from other sources but from their permanent job, including within projects financed by international organisations. Decisions about further activity of these functionaries will be made after their list is issued.

At the same time, surveys show that functionaries working in central and local public administrations are not part of the category of most corrupt dignitaries, while the pressure of corruption is exerted by other professional groups.

⁴ The chief of state turned down the law because he does not support the abolition of existing central structures at the same time creation of the new ministry.

⁵ HG # 194 from February 21, 2006

⁶ www.moldpres.md

Stability of governing policy

The Government has analysed the implementation of ongoing programmes: EGPRSP, National Programme Moldovan Village, E-Moldova Programme, studied the execution of orders and indications of legislative acts and decrees of the chief of state, finding out a better execution discipline and certain deficiencies. Some normative acts aimed to ensure a continuity and stability of policies promoted in the field of planning of public expenses, permanent monitoring of implementation of the legislative programme for 2006-09, international acts signed by Moldova⁷ have been adopted. Representatives of international organisations have appreciated the implementation of EGPRSP, while the Government's policy creates premises for signing of new agreements with international financial organisations.

Uprightness and transparency of governance / Combat of corruption

The Parliament has started publishing draft legislative acts on the official website. The process is not well-ordered yet, it is interrupted sometimes, not all drafts are published, and communications, expertises and notices are absent. The full agenda of plenary sittings is not updated and taken to notice of public opinion; the agenda includes many drafts which have not been publicly debated.

The parliamentary majority has adopted some drafts but the opposition raised serious objections (law on importation of granite items, law on fiscal and customs facilities for economic agents base don the left bank of the Dniester river, law on creation of the Ministry of Local Public Administration), and the urgent promotion of drafts, without any possibilities to formulate amendments in regular terms threw doubts on correctness of the process of examination.⁸

The Government has started publishing on the website the draft decisions examined at sittings, but only primary texts are published, annexes containing normative documents or proper draft laws, communications and expertises indicated by law 780/2001 on legislative acts and law 317/2003 on normative acts of the Government are absent, while the information is published only before the cabinet sitting. Also, many issues are being examined without being introduced beforehand in the earlier published agenda.

Some ministries and central authorities (Ministry of Economy and Trade, Ministry of Foreign Affairs and European Integration, National Regulatory Agency for Telecommunication and Informatics, Ministry of Agriculture and Food Industry) have started publishing and consulting the public opinion over draft important legislative and normative acts.

The Moldovan president has released a message to citizens declaring the corruption as main scourge and vice of society and noting that the combat of this phenomenon will be the main commitment assumed by Moldovan authorities within the Millennium Challenge Account. Surveys conducted earlier this year at the proposal of bodies in charge with struggle against corruption (CCCEC) show that a high corruption rate is registered among customs officers, police, judges and prosecutors, while policemen, doctors, customs officers and teachers dominate the professional groups that exert pressures of corruption. Surveys rank the ministerial functionaries in the middle of standing.

⁷ Governmental decisions: # 27 from January 6, 2006, # 81 from January 23, 2006, # 82 from January 24, 2006, # 141 from February 8, 2006, # 225 from March 1, 2006, # 226 from March 1, 2006, # 264 from March 13, 2006, etc.

⁸ It should be noted that situations when drafts were passed in two readings at once have been earlier registered, too, and even when the package of laws included in conditions of the "parliamentary political consensus" (Election Code, law on Chamber of Auditors, law on status of magistrates, etc). However, CoE experts have earlier recommended the authorities to avoid such procedures and to modify the norms of the Parliament's Regulation allowing urgent procedures.

Monitoring grid 3 Consolidation of administrative capacity

Indicators	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
Administrative reform / Administrative efficiency	<ul style="list-style-type: none"> Analysis of reform and approval of list of central authorities covered by a functional analysis; 	<ul style="list-style-type: none"> Monitoring of international organisations. 	<ul style="list-style-type: none"> Assessment of institutional organisation, elimination of doubling of posts, exclusion of improper functions, etc. 	<ul style="list-style-type: none"> Transparenby of process; Assistance granted bt international organisations; Increased agency of public opinion; International practices 	<ul style="list-style-type: none"> Shortage of financial resources;; Poor interest from functionaries at execution level; Material factors; low salary, low social benefits; Uncertainty that the job will be preserved; lack of criteria to appreciate activity correctly. 	+1	<p>Moldovan legislation</p> <p>Communications of unit for implementation of CPA reform</p> <p>Press release</p> <p>www.gov.md</p>
	<ul style="list-style-type: none"> Constitution of consultative committee of CPA reform; 	<ul style="list-style-type: none"> Interest of nongovernmental sector; Recommendations of international organisations 	<ul style="list-style-type: none"> Consulting committee – monitoring and consulting functions. 				
	<ul style="list-style-type: none"> Adjustment of plans of central authorities to provisions of the plan on implementation of strategy. 	<ul style="list-style-type: none"> Attitude of functionaries Control on implementation of strategy 					
	<ul style="list-style-type: none"> Pilot projects of analysis of policies in the field. 	<ul style="list-style-type: none"> International experience 	<ul style="list-style-type: none"> Determination and planning of needs 				
	<ul style="list-style-type: none"> Interviewing of functionaries regarding managements, expectations from reform. 	<ul style="list-style-type: none"> Wish to have a professional public service, to increase chances to join E.U. 	<ul style="list-style-type: none"> Determination of dominant positions and opinions among functionaries 				
Politicizing of public administration	<ul style="list-style-type: none"> Adoption of the law on modification of the law on Government (turned down from promnulgation); 	<ul style="list-style-type: none"> Intentions of parliamentary majority; Recommendations of CoE; 	<ul style="list-style-type: none"> Opposition criticise MLPA as measure of governance to control LPA; 	<ul style="list-style-type: none"> Imperceptible 	<ul style="list-style-type: none"> Quality of document; Lack of consultations; Lack of preliminary expertises; 	-1	<p>Moldovan legislation;</p> <p>Shorthand records of Parliament's plenary sittings</p>
	<ul style="list-style-type: none"> Legislation on public service was not modified; Some employees from education sector were intimidated for not accepting the implementation of the integrated history course 	<ul style="list-style-type: none"> Insufficient participation of authorities in the process of improvement of legislation; Passivity of legislators Maintenance of political influence in political structures. 	<ul style="list-style-type: none"> Imperceptible 	<ul style="list-style-type: none"> Imperceptible 	<ul style="list-style-type: none"> Functionaries of medium-low level are disconsidered; Employment is not based on open contests; Political decisions on education are imposed in sensistive fields, challenge retorts 	0	<p>Speech of Moldovan president at festive meeting with the active of PCRM</p> <p>Mass-media</p> <p>Statements of historian lawmakers</p>
Interference of economic-administrative and political interests	<ul style="list-style-type: none"> Regulatory reform was hardly developing, it was delayed by some authorities; 	<ul style="list-style-type: none"> Consistent attitude of central authorities Stance of community of businessmen 	<ul style="list-style-type: none"> Some central authorities issue acts without consulting regulation organisations; they do not have alternative resources. 	<ul style="list-style-type: none"> Involvement of international organisations, specialised organisations. Positive social impact 	<ul style="list-style-type: none"> Departmental interests, inertia and clumsy adaptation of functionaries 	0.5	<p>Independent reports, report on implementation of EGPRSP</p> <p>www.scers.md</p> <p>www.bizpro.md</p>
	<ul style="list-style-type: none"> Forum on fiscal decentralisation found out that the financial autonomy and fiscal decentralisation were not ensured; 	<ul style="list-style-type: none"> Interests of local communities, involvement of organisations of civil society 	<ul style="list-style-type: none"> Identification of essential problems in the field; 	<ul style="list-style-type: none"> Imperceptible 	<ul style="list-style-type: none"> Primary collection of resources at second and republican levels. 	0	<p>National Forum Fiscal Decentralisation: challenges for Moldova"</p>
	<ul style="list-style-type: none"> Law for the modification of the law on local public administration (not published when the report was drafted) 	<ul style="list-style-type: none"> Promotion of draft by Government Positive appreciation by holders of agricultural land 	<ul style="list-style-type: none"> LPA will certify the right to property on value shares of patrimony of agricultural enterprises. Facilitation of land consolidation. 	<ul style="list-style-type: none"> Imperceptible 	<ul style="list-style-type: none"> Land consolidation policy without profound assessments and analyses. 	0.5	<p>Shorthand records of Parliament's sittings</p>

Indicators	Evolution in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
Stability of ruling policy	<ul style="list-style-type: none"> Law on salary sector in budgetary sector establishes new conditions and sizes of salaries in public administration. 	<ul style="list-style-type: none"> Economic growth; Implementation of policies and strategies in the field; 	<ul style="list-style-type: none"> Awarding of rises for high, professional competence, intensity of work, fulfilment of some tasks of major importance, etc. 	<ul style="list-style-type: none"> Transparency; Wide range of envisaged subjects; 	<ul style="list-style-type: none"> Gradual implementation of law, delayed enforcement, annulment of some financial incentives 	0.5	Moldovan legislation
	<ul style="list-style-type: none"> Order # 20-d from March 15, 2006 of prime minister; 	<ul style="list-style-type: none"> Control on implementation of national programmes; 	<ul style="list-style-type: none"> Central authorities will report on assessment of implementation of programmes; 	<ul style="list-style-type: none"> International institutions; Increased attention from population, civil society 		0,5	Monitorul Oficial
	<ul style="list-style-type: none"> Regulation on mechanism of implementation of action plan E-Moldova; 	<ul style="list-style-type: none"> Implementation of E-Moldova Strategy; 	<ul style="list-style-type: none"> A mechanism of financing of the action plan for implementation of E-Moldova Strategy; 	<ul style="list-style-type: none"> Imperceptible; 	<ul style="list-style-type: none"> Lack of financial resources; Insufficient training of functionaries in IT sector; 	0	Moldovan legislation
	<ul style="list-style-type: none"> Governmental Decision # 82 from January 24, 2006 on elaboration of medium-term framework of expenses and draft budget; 	<ul style="list-style-type: none"> International financial organisations; Consistent implementation of policies in the area; 	<ul style="list-style-type: none"> Action Plan for elaboration of CCTM and draft budget were approved, competent commission was appointed. 	<ul style="list-style-type: none"> Planning and estimation of expenses beforehand 		+1	Moldovan legislation
	<ul style="list-style-type: none"> Government Decision 225 from March 1, 2006 on elaboration of reports on implementation of international conventions signed by Moldova; 	<ul style="list-style-type: none"> International institutions; Consolidation of administrative control; 	<ul style="list-style-type: none"> Initial and periodical reports on implementation of international conventions will be drafted 	<ul style="list-style-type: none"> Imperceptible 	<ul style="list-style-type: none"> Imperceptible 	+0.5	Moldovan legislation
Probity and transparency of governance / Combat of corruption	<ul style="list-style-type: none"> Law on pay system in budgetary sector; 	<ul style="list-style-type: none"> Implementation of salary reformation strategy; 	<ul style="list-style-type: none"> Full sizes of remunerations paid to dignitaries and high-ranking functionaries, salaries will be compared later with income taxes; 	<ul style="list-style-type: none"> Transparency; Unification of salary policies; 	<ul style="list-style-type: none"> Lack of transparency in process of declaration of incomes of dignitaries and functionaries; 	+ 1	Moldovan legislation
	<ul style="list-style-type: none"> Consultative committee on supervision of CPA reform must contribute to insurance of transparency of reform; 	<ul style="list-style-type: none"> Involvement of representative of international organisations, organisations of civil society in process 	<ul style="list-style-type: none"> Involvement of different interested factors, access of committee members to acts and reports of unit for implementation 	<ul style="list-style-type: none"> Wide access to analysed and elaborated materials; Opening of authorities; 	<ul style="list-style-type: none"> Imperceptible; 	+1	Press releases Information of unit for implementation of CPA reform
	<ul style="list-style-type: none"> Issuing of speaker's order seeking information in Parliament; Adoption of a special regulation on accreditation of mass media by Parliament's Permanent Bureau; 	<ul style="list-style-type: none"> Excessive regulation of some technical procedures Involvement of political factor in administrative procedures 	<ul style="list-style-type: none"> Opposition lawmakers and mass media regard the involvement of speaker as limitation of access to information; Involvement of the permanent bureau in accreditation process is not warmed; 	<ul style="list-style-type: none"> Imperceptible; 	<ul style="list-style-type: none"> Printing of some forms, working out of a nomenclature of information limit the information of legislators. Causes for withdrawal of accreditation of mass media are vague and may be applied abusively; Deputies become dependent on an ad-interim service. 	- 1	Opinions of lawmakers and journalists
	<ul style="list-style-type: none"> Publishing of draft legislative acts on website; Government provided summary information on drafts; 	<ul style="list-style-type: none"> AP; Implementation of concept on cooperation with civil society; 	<ul style="list-style-type: none"> Civil society representatives enjoy possibility to present their contributions, all those interested may learn the informa- 	<ul style="list-style-type: none"> Stance of Parliament's leadership; Consistent promotion of previous decisions 	<ul style="list-style-type: none"> Limited financial and technical resources; Old-fashioned technologies needed to process official 	+1	www.parlament.md www.gov.md

Indicators	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
	<ul style="list-style-type: none"> A law was adopted to ensure the free publishing of legislation on Internet; 	<ul style="list-style-type: none"> Monitoring of progress by NGOs. 	<ul style="list-style-type: none"> All officials acts will be accessible online for free; 	<ul style="list-style-type: none"> Involvement of opposition representatives; Rise of the number of Internet users; 	documents;		
	<ul style="list-style-type: none"> Negative reactions form lawmakers to presentation of Government's answers; 	<ul style="list-style-type: none"> Law capacities of Government Promotion of some decisions accordingly to indications of heads, without preliminary analyses 	<ul style="list-style-type: none"> Opposition considers that the institution of question and interpellation diminished by governance 	<ul style="list-style-type: none"> Imperceptible 	<ul style="list-style-type: none"> Parliament's Regulation and law on status of lawmakers that contain insufficient norms; Formal attitude of Government towards appeals; Hidding of unfavourable information; 	0	Shorthand records of plenary sittings
	<ul style="list-style-type: none"> Surveys signal high corruption rate in public institutions and non-confidence for their efficiency 	<ul style="list-style-type: none"> Social-economic situation of country Low living standards of population; Low quality of medical and social services; 	<ul style="list-style-type: none"> Imperceptible 	<ul style="list-style-type: none"> Imperceptible 	<ul style="list-style-type: none"> Low salaries in public sector;; Lack of adequate social guarantees; Interference of administrative and economic interests Inefficiency of justice and law enforcements; Persistence of corruption factors in different fields; Low transparency; 	0	Surveys IMAS: (BSP February 2006; Corruption perception and attitude)

4. JUSTICE

General considerations

No major events regarding revision of legislation for insurance of independence and impartiality of the judiciary, insurance of impartiality and efficiency of prosecutor's office were registered in the 1st quarter of this year. Measures aimed to consolidate the capacities of justice were rare and they were due to summary interventions of some interested factors both inside and outside of the system. Organisations of civil society, international organisations post a special interest for this area like previously.

The general attitude of decntral authorities reveals rather disregard and negative appreciation of activity of courts and judges whome they blame for the state of things in the field⁹. At the same time, the role and place of Prosecutor's Office and law enforcements (CSAECC, MIA) within the system is overrated, sometimes without an adequate ground.

Representatives of the judicial system consider that an attitude of society and authorities towards some problems of justice had favourable effects, remedying various errors and practices, especially regarding the examination of cases involving arrested people. At the same time, the terms for examination of cases by courts have been reduced, though the number of applications to courts is constantly increasing, especially on civil and administratives cases.

Sociological surveys reveal that population has a big dose of non-confidence for justice, regarding it as inefficient, and a high corruption perception rate is registered.

The judicial system does not benefit of additional financing, essential investments for improvement of technical-material base are not allocated, salaries of judges of first level (judges) are lower than of deputy territorial prosecutors or of deputy municipal praetors. Judges do not benefit of other social guarantees, the housing remains the most serious problem. The personnel of courts earn low salaries comparable with minimum consumption basket and this is the cause of a big staff fluctuation.

Status of magistrates / Capacity to impose respect for law

The annual conference of judges took place on February 3 and it established the priorities of activity of the judicial system for 2006:

- Elaboration and implementation of a national plan on consolidation and development of the judiciary for a couple of years;
- Creation of the National Institute of Magistracy (Justice) in charge with training of staff, improvement and permanent qualification of judges and functionaries of courts;
- Elaboration and implementation of norms on financing and technical-material insurance of the judiciary, real participation of representative of the judicial system in elaboration of budget;
- Creation of the department of judicial administration in the Superior Council of Magistracy to settle administrative, organisational, technical-material and methodical problems of functioning of the judiciary system.

An international conference on the judicial system of the Republic of Moldova and standards of the Council of Europe took place on March 16-17. CoE experts made some recommendations at the event regarding the reformation of the judicial system and status of Moldovan magistrates, proposing the authorities to reduce the age limit for initial admission in magistracy and rise of the length of work for appointment as judge of the Supreme Court of Justice.

Political independence / transparency

The Superior Council of Magistracy has publicly announced for the first time a contest for vancies of judges, chairpersons and deputy chairpersons of courts. Candidates to magistracy will have to submit files containing information about education, while judges willing promotion will have to add recommendations of heads of courts where they work to their documents. The regulation of the contest was not made public, but some qualification examinations are expected to be held and SCM will propose candidates who garner the most of points for appointment.

⁹ As for example, the governmental decision # 297 from March 21, 2006 on indexation of social insurance conscriptions and some state social conscriptions will not be effective for judges, while indexation of pensions of judges accordingly to some quantum of wages is late.

The Parliament has adopted the law for the modification of the law on governmental agent, which sets up the procedure of regress vs persons who committed actions for which the ECHR sentences the Moldovan Government. The mode of implementation of provisions of the law on judges was not chosen yet, but it is presumed that the preliminary consent of SCM will be needed for regress sanctioning. The law has challenged ardent debates in the Parliament, while some provisions related to competences of the Prosecutor-General could raise negative influences, especially because the prosecutor's office may be guilty for some sanctions.

The OSCE Mission jointly with a number of national and international organisations has launched a national trial observation network in Moldova. Thirty senior law students and junior lawyers as well as NGO representatives trained as trial monitors will participate in trials, contributing to assurance of transparency and monitoring the respect for provisions of the national legislation and international standards on protection of human rights. The project aims to ensure transparency of trials and to raise civil society's understanding of court procedures and to enhance citizens's trust in the judicial system and to identify and generalise the existing faults with the purpose to work out efficient mechanism for their remedy.

Training of specialists in system / Pecuniary insurance

Seminars and training courses for judges and other functionaries in the judicial system envisaged the respect for human rights, implementation of new legislation on execution and legislation on access to information. Most of them are held with the assistance of nongovernmental organisations and international institutions.

The new law on pay system for budgetary sector establishes higher salaries for judges, prosecutors and employees of courts, but the gradual rise, delayed enforcement of the law and unclear stimulation mechanisms reduced the expected effects.

The independent study "Financing of Justice in the Republic of Moldova"¹⁰ identifies some problems in the area and proposes the essential reformation of the financing system of justice, with the purpose to ensure the financial independence of the judicial system. It is proposed that the financing of justice becomes one of priorities of the state budget because the current situation reveals some negative elements: exaggerated expenses for prosecutor's office and law enforcements (CSAECC, MIA, SIS), trends to reduce the budgetary expenses for justice, direct involvement of Government and Parliament in establishing expenses for justice.

The Government has approved a draft law on the National Institute of Justice and delivered it to the Parliament for examination. It proposes that the new structure be independent, hold a status of legal entity with administrative, financial, scientific and pedagogical autonomy. The expense for maintenance of the institute will be financed from state budget on account of "other allowed sources", relying on aid of international organisations¹¹ at the first stage. The corps of magistrates appreciates the stipulations of the draft differently, exposing opinions on subordination of the institute, its financing and terms of studies. The parliament did not establish yet the date when the draft will be debated, but it was earlier announced that this document is a general priority.

Alternative ways to settle litigations / Penitentiary institutions

The Moldovan president asked the Parliament on January 25 to create a task force to examine the policy, legislation and practice of punishment applied in the Republic of Moldova, considering that the applied punishments and sanctions have an insufficient educational effect and low preventive influence. According to annual official statistics, about one third of Moldova's citizens receive penal, administrative or disciplinary sanctions. The president pleads for harsher sanctions for very grave offences, violation of ecological legislation, traffic rules, sanitary norms, anti-fire security.

On the other hand, the Government has proposed to revise some sanctions established by Penal Code, especially for frequent offences (theft, robbery, plunder, bodily damage, cheating, hooliganism, trafficking in influence, bribery, home violation, trafficking in drugs, etc.)¹² in favour of potential offenders.

¹⁰ The study was conducted by the Centre of Legal Studies and Policies, with the participation of IDIS Viitorul, experts of the Justice Ministry and international experts within the UNDP project "Efficient Justice Management in Moldova".

¹¹ According to preliminary information, only 1 million lei was allocated from the state budget this year, while the annual needs are estimated at 7 million lei.

¹² Draft law # 594 from February 21, 2006, published at www.parlament.md/lawprocess/drafts/

Monitoring grid 4. Justice

Indicators	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
Status of magistrates / Capacity to impose respect for law	<ul style="list-style-type: none"> Legislation was not modified, but the Justice Ministry achieves certain activities in the field; Trust of population for justice did not change (32% trust it, 59% do not trust it). Justice was regarded a little efficient in anti-corruption struggle; 	<ul style="list-style-type: none"> PA; Recommendations of PACE 	Imperceptible	<ul style="list-style-type: none"> Involvement of international organisations 	<ul style="list-style-type: none"> Complexity of problems; Lack of adequate resources; Reticent attitude of some state institutions; 	0	Moldovan legislation; Monitorul Oficial of Moldova; Surveys of IPP (BOP December 2005), IMAS (BSP, February 2006; corruption perception and attitude); Materials of annual conference of judges (February 3, 2006); Interview with chairperson of SCM/SCJ published by newspaper Независимая Молдова (March 15-16, 2006)
	<ul style="list-style-type: none"> Courts mobilised to examine cases involving arrested persons above all; Prosecutors and penal bodies made to motivate adequately the compulsion measures (arrest); 	<ul style="list-style-type: none"> Penal investigation bodies collect more adequate evidence, the arrest is not permanently used with the purpose to intimidate or gather evidence; Court examines proposals to apply preventive measures; 	<ul style="list-style-type: none"> Penal investigation bodies gather adequate evidence, arrest is not permanently used for intimidation and collection of evidence; court examines proposals on use of preventive measures in details; 	<ul style="list-style-type: none"> Attitude of authorities; involvement of international institutions, sanctioning by ECHR; 	<ul style="list-style-type: none"> Lack of staff, application of system of representation of several cases by a prosecutor; Lack of court halls; 	+1	
	<ul style="list-style-type: none"> Anti-dictatorship in trials is not fully achieved, prosecution and defence do not do their best to ensure an operative and qualified settlement of cases; 	<ul style="list-style-type: none"> Slow reformation of prosecutor's office; Imposing of some decisions by heads of prosecutors; Low remuneration of defenders; 	Imperceptible	Imperceptible	<ul style="list-style-type: none"> Lack of qualified and necessary personnel; Improper attitude of prosecutor's office, penal investigation bodies and defenders; 	0	
	<ul style="list-style-type: none"> Number of applications to courts is permanently increasing 	<ul style="list-style-type: none"> Better legal education of population; Persistence of juridical nihilism among functionaries 	Task of cases for a judge grows, especially civil and administrative cases;	Imperceptible	<ul style="list-style-type: none"> Courts are not specialised, number of judges was not increased; 	0	
Political independence / Transparency	<ul style="list-style-type: none"> Essential measures for insurance of independence and avoidance of political influence are not registered. The parliament and Government not reacting promptly to needs of justice. Judicial police is not created. 	<ul style="list-style-type: none"> Passivity of legislators Undecided intervention of relevant institutions (SCM, Justice Ministry); Inertia in promoting reforms; 	Imperceptible	Imperceptible	<ul style="list-style-type: none"> Attitude of main political forces, existence of some political-administrative interests; Inertia of activity of SCM; Lack of adequate resources; MIA and Prosecutor's Office are not restructured; 	0	Interview with chairperson of SCM and CSJ published by newspaper Независимая Молдова (March 15-16, 2006)

Indicators	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
	<ul style="list-style-type: none"> Moldovan president convoked a sitting on attribution of fields in Chisinau municipality, indicating "lots of abuses and illegalities admitted during granting of fields and examination of litigations related to property on plots by courts;" 	<ul style="list-style-type: none"> Drafting of a report on this topic by Government 	<ul style="list-style-type: none"> The chief of state proposes SCM "to settle the issue of use of disciplinary sanctions for judges who admitted the illegal judgments," while "the Prosecutor-General's Office to check and settle the problem of penal responsibility of judges who adopted illegal judgments in line with the law"; 	Imperceptible	<ul style="list-style-type: none"> Abuses and shortcomings are invoked on basis of some reports worked out by executive, without any judgments on on guilt of judges who examined the cases were invoked; Cases opened earlier for abuses are not definitive 	-1	Communications of press services of the Presidency, Parliament, Government
	<ul style="list-style-type: none"> SCM announced some vacancies of judges in courts of different ranking (SCJ, judges); 	<ul style="list-style-type: none"> Shortage of judges; PA; recommendations of international institutions and civil society; 	<ul style="list-style-type: none"> All those who fulfil the criteria will be welcome to bid; a transparent contest will take place; 	<ul style="list-style-type: none"> Greater attention of international organisations; Attitude within system and opinion of judicial community; 	<ul style="list-style-type: none"> Publishing of announcement in Monitorul Oficial only, insufficient popularisation of the trial. 	+2	Monitorul Oficial
	<ul style="list-style-type: none"> Some courts do not respect the aleatory principle of distribution of cases, chairpersons decide who will examine certain cases. 	<ul style="list-style-type: none"> Interference of interests in certain cases; Tries to influence certain decisions; 	Imperceptible	Imperceptible	<ul style="list-style-type: none"> Shortage of staff; High number of cases; Subjective circumstances ("control" on some cases); 	-1	Answer to interpellations of Parliament (Gh.Susarenco, March 23, 2006)
Relevant legislative and normative amendments	<ul style="list-style-type: none"> Law # 19-XVI from February 10, 2006 for the ratification of the European Convention on international violation of repressive decisions 	<ul style="list-style-type: none"> PA; Legislative programme for 2005-2009 	<ul style="list-style-type: none"> Moldova will be able to demand the execution of penal sanctions in territory of foreign states and vice versa 	International institutions	Deplorable situation in penitentiary institutions of Moldova		
	<ul style="list-style-type: none"> Governmental Decision # 270 from March 15, 2006 approving some amounts paid to individuals summoned by courts, penal bodies, examination of administrative materials and execution of documents 	<ul style="list-style-type: none"> Orevious deplorable situation; Implementation of governing programme; Recommendations of CoE, other international organisations; 	<ul style="list-style-type: none"> Specialist, expert, assistant witness and interpreter summoned by execution bodies will receive remuneration for their activity and repay of expenses; 	<ul style="list-style-type: none"> The persons concerned did not meet summons because of financial problems; 	<ul style="list-style-type: none"> Amounts are small in continuation, budget does not include enough resources for full payments, the payment lasts de facto; 	0.5	Moldovan legislation; Shorthand records of sittings of the Parliament
	<ul style="list-style-type: none"> Law for the modification of the law on governmental agent (adopted on March 9, 2006); 	<ul style="list-style-type: none"> Need of immediate execution of ECHR judgments; Low quality of some judgments; 	<ul style="list-style-type: none"> Provisions about procedure of payment of damages established by ECHR, conditions of exercising of the right to regress against persons whose actions served as ground for adoption of ECHR judgments; 	<ul style="list-style-type: none"> Rise of the number of applications to ECHR; Realization of the need to sanction the guilty functionaries; 	<ul style="list-style-type: none"> Possible abuses and persecutions of political authorities; 		
Training of specialists in system / Material welfare	<ul style="list-style-type: none"> Chiefs and deputy chiefs of territorial offices of the Execution Department trained within weekly courses AAP; 	<ul style="list-style-type: none"> Adoption of the new Execution Code and acts needed for its implementation; Recommendations of international institutions 	<ul style="list-style-type: none"> Under a governmental decision, the training will be held systematically, with the purpose to improve the activity of these subdivisions and to enhance their efficiency; 	<ul style="list-style-type: none"> Need to improve the situation in the area of execution Contribution of scientific institutions 	<ul style="list-style-type: none"> Few trainings; Lack of a specialised institution 	0.5	Official communications

Indicators	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
	<ul style="list-style-type: none"> Instruction judges will be trained to respect human rights while applying the preventive arrest within a project implemented by Ex Lege Association; 	<ul style="list-style-type: none"> Initiative of representatives of legal community and civil society; Interest of CSM; 	<ul style="list-style-type: none"> Judges of SCM will attend 9 seminars in Chisinau, Balti and Cahul as instructors; A guide of instruction judge and a guide for offenders will be published; 	<ul style="list-style-type: none"> Involvement of civil society; Support of Soros Foundation; Positive attitude of SCM; 	<ul style="list-style-type: none"> Limited financial resources 	+1	Press releases
	<ul style="list-style-type: none"> Necessary financing of justice was not provided; Conference of judges decided to draft some norms on financing and technical-material insurance of the judiciary, participation of representatives of the judicial system in elaboration of budget; Investments in the field are not orderly and planned; 	<ul style="list-style-type: none"> Lack of budgetary resources; Superficial treatment of problems of justice by legislative and executive powers 	<ul style="list-style-type: none"> Change of situation in the area would determine the appropriate technical-material endowment and would reduce the exterior influences on the system; 	<ul style="list-style-type: none"> Involvement of civil society; Attitude of community of magistrates; Involvement of civil society. 	<ul style="list-style-type: none"> Government elaborates budgets and determines the expense norms; The Medium-Term Framework of Expenses does not stipulate essential rises; 	0	Materials of the annual conference of judges Study "Financing of justice in the Republic of Moldova" by CSPJ Press publications
Alternative ways to settle litigations / Penitentiary institutions	<ul style="list-style-type: none"> The Parliament started examining the law on mediation of penal cases, though the Government presented the draft on October 4, 2005; 	<ul style="list-style-type: none"> Passivity of legislators 	Imperceptible	Imperceptible	<ul style="list-style-type: none"> Inefficiency of legislative activity, priority of political problems; Insufficient knowledge of new mechanisms and lack of internal practice of use; 	0	Action programme of Government
	<ul style="list-style-type: none"> The Government approved the decision # 77 from January 2 on institution of the Committee for Complaints 	<ul style="list-style-type: none"> Enforcement of the Execution Code 	<ul style="list-style-type: none"> A special, independent body to get the complaints of detainees; 	<ul style="list-style-type: none"> Involvement of civil society; Limitation of administrative influence, of administration of penitentiaries. 	<ul style="list-style-type: none"> Lack of financial resources; Reticence and interests of chiefs of penitentiary institutions; 	0.5	Moldovan legislation Mass media
	<ul style="list-style-type: none"> The number of persons sentenced to lifetime detention or those sentenced for more than 10 years has grown; 	<ul style="list-style-type: none"> Previous modification of legislation and introduction of other categories of punishments for grave crimes; Abolition of death penalty; 	<ul style="list-style-type: none"> Penitentiary institutions cannot ensure special conditions for detention of persons sentenced for long terms; 	Imperceptible	<ul style="list-style-type: none"> Insufficiency of financing means Deplorable condition of penitentiary institutions; 	-1	Data of the Department of Penitentiary Institutions
	<ul style="list-style-type: none"> The Government proposed a draft law for the modification of the Penal Code, which would modify the sanctions for a series of offences (with low gravity committed most often); 	<ul style="list-style-type: none"> PA; Recommendations of international institutions; 	<ul style="list-style-type: none"> Punishments for offences will be reduced or modified, agglomeration in penitentiaries will be relieved; 	Message of Moldovan president about revision of punitive system	<ul style="list-style-type: none"> Delayed examination of the draft by Parliament, possible negative evolutions of enforcement 	0	Official information www.parlament.md www.presedinte.md
	<ul style="list-style-type: none"> The penitentiary for women # 7 in the village of Rusca, Hincesti district, will be rebuilt the next two years; 	<ul style="list-style-type: none"> Contribution of the Swiss Agency for Development and Cooperation; 	<ul style="list-style-type: none"> Insurance of minimum detention conditions, some technical improvements (water, sewerage); 	<ul style="list-style-type: none"> Cooperation with international institutions; 	<ul style="list-style-type: none"> Assistance of international institutions. 	+1	Press releases

5. DEVELOPMENT AND ECONOMIC AND SOCIAL REFORMS

Poverty reduction

The available statistical information does not allow quantifying the progress in the poverty reduction effort in the first quarter (no such information exists even for the year 2005), but according to our estimates, the real incomes have increased and, in parallel, the incidence of poverty has declined a bit. On 23 March 2006, the government unveiled its first report on implementation of the Economic Growth and Poverty Reduction Strategy Paper (EGPRSP)¹³, an analytical and objective document. However, this report does not make things clear about the impact of the government's actions on poverty reduction in 2005 and does not identify the concrete steps in economic policy, in order to ensure a sustainable and qualitative growth.

Among the relevant successes in the PA context, during the first year of implementation of the EGPRSP, we can mention the achievement of some *intermediate objectives* of the Millennium Development Goals (reduction of poverty (according to official estimates, poverty reduced a little in 2005, too), reduction of infant mortality, improvement of maternal health). From this perspective, the major failures in 2005 were: 1) a notable regress in combating HIV/AIDS and TB; 2) stagnation in providing a wider access to education; 3) poor performance of social assistance programmes.

In the context of social development as followed by the PA, there were several important decisions. The government has approved the National Programme for TB Control and Prophylactics in 2006-2010 (adopted by governmental decision 1409 on 30.12.2005). The importance of this document cannot be underestimated, taking into consideration the dangerous trends of TB. In social policy, another significant evolution is the adoption of the Water and Sewerage Programme till 2015¹⁴. Obviously, we cannot expect rapid effects from either of the two programmes, but in the long run they will produce positive results.

The government admits that it is necessary to scrap the system of nominal compensations divided between beneficiaries according to the principle of category, in favour of a mechanism based on global income. In practice, the Ministry of Health and Social Protection launched a pilot project last February to try the new mechanism (in the districts of Soroca, Orhei, Leova, in part in Chisinau). In this project, the ministry will evaluate the real incomes and material state of beneficiaries of nominal compensations. Today, the system of social assistance covers 11 types of indemnities, which are granted without any evaluation of the real financial status of beneficiaries, while the money is allocated symmetrically between the poor and the relatively prospering people. It is expected that the new mechanism will be extended nationwide in 2008. A major advance is the approval by the government and release to the parliament of a draft law on evaluation and accreditation in the social assistance area. The project has been exhibited for public debate and comment, and our opinion is that its actual version is too rigid and bureaucratized, but it could serve a good fundament for participation of civil society in direct social services.

Consolidation of economic growth

The economic policy in early 2006 was part of the strategic goal to ensure macroeconomic stability. Budgetary incomes rose faster than planned, but the Ministry of Finance has not published any data about spending, so we are unable to tell you how balanced the budgetary exercise was in the first quarter. In annual expression, the inflationist pressure during that period was lower somehow than in 2005 (it is important to mention that the official methodology of inflation assessment has been bitterly criticised). However, an inflation rate of two digits is too high, and thus the poor are getting less. It seems that the central bank and the government understand this situation, and the executive at its 22 March sitting suggested amending the Law on National Bank of Moldova, in a move to enable the central bank to ensure and preserve the price stability as a chief goal of its existence¹⁵.

The year 2006 is marked by contradictory evolutions in the real sector, some of them being even worrisome. In January, the industry fell by 1%, mainly because of declining production of wines, tobacco, machinery and hardware. Due to the energy industry, the situation on the whole industrial sector improved marginally in February, albeit the mentioned industries remained hanging on the edge. The perspectives of the wine industry are quite dark and create systemic major risks (glass, cardboard, banking and transportation industries link their chances with the performance of the wine industry), and threaten to produce a macroeconomic shock like the one in 1998-1999. Until now, the government has not acted decisively to address the challenges or lower the impact, or to prevent a crisis whose profiles can be already seen.

The real salaries in January-February 2006 were 14% larger than in 2005. In industry, the salaries rose slower because of uncertainty overshadowing the wine exports. The main factor is the salary growth was the administra-

¹³ Annual evaluation report on implementation of the EGPRSP on web - http://www.mec.md/files/0/raport_scers_ro_proiect;

¹⁴ Governmental decision # 1406 from 30.12.2005, Monitorul Oficial 001 from 06.01.2006;

¹⁵ At present, the chief objective of the central bank is formulated ambiguously – to realise and maintain the stability of the national currency – but no mention where it is about internal stability (inflation control) or external stability (adequate management of exchange rate).

tive increase of salaries in the budgetary sector. Generally, policies regarding wage and labour have remained passive during the first quarter of this year. The government approved a salary raise in the budgetary sector¹⁶.

In agriculture, the government approved a draft decision concerning enactment of a regulation regarding the use of the subsidies for farmers, and presented it for approval in parliament. The government also proposed to amend the legislation on subventions of production risks in agriculture. The essence of these proposals reduces to increase the quantum of subsidies for premium insurance earnings for multi-annual plantations from 40% to 60%, and up to 50% in the case of sugar beet and vegetables. At the same time, there have been no proposals to simplify the procedures locked in exaggerate bureaucratisation regarding the payment of insurance premium earnings, evaluation of losses, release of subventions, and especially for the adequate information of agricultural producers concerning the opportunities under the agriculture subvention mechanism. On the other hand, the agri-subvention mechanism could be compromised in the case of a systemic crisis as mentioned above.

Cooperation with international lenders

In February 2006, the Moldovan government and the IMF reached an intermediate agreement regarding a new financing programme for Moldova under the poverty reduction and growth facility. If approved by the IMF Directors, thanks to this agreement Moldova could benefit from a concessional credit of 117 million dollars for maintenance of its balance of payments. Since there are good chances of approval of this agreement, we may say that the government is close to achieving an important objective of the PA, which expressly envisages the adoption of a new memorandum with the IMF on economic policy. The reconstruction of ties with the Fund is a condition to remove the barriers in the way of grants which the E.U. intends to give Moldova. From official declarations one can see that the new memorandum is based on the EGPRSP and the PA. As we had forecasted before, the new memorandum relies heavily on structural and institutional reforms (business environment, climate for local and foreign investment, administrative transformations, consolidation of tax administration and public company administration, including the reorganisation of the State Council of Creditors).

Transparency and fiscal sustainability

One of the important actions in the first quarter was the approval of a governmental decision concerning the elaboration of the Medium-Term Spending Framework (MTSF) and of the draft budget¹⁷. The PA envisages the integral compatibility between the EGPRSP and the MTSF for 2006-2008. As the government has found, the link between the two processes is weak at the moment¹⁸. This creates major difficulties in: 1) providing financial support for the EGPRSP and 2) analysing the social impact of the policies. In spite of an understanding of this state of things, the government currently does not have a clear vision regarding the integration of the two processes, keeping in hand two coherent documents when they are taken apart from each other, without synergic effects. At least, an integrating vision over the two documents is missing in the decision mentioned above.

We have concluded that the government continued granting casual facilities and tax exemptions in the first quarter, and it granted direct subsidies to selected businesses without ensuring fiscal transparency or coordinating the use of subsidies. Further on, it did not ensure any transparency in the state control over the management of public finances. In particular, the Chamber of Auditors did not publish all of its findings in the Centre for the Struggle of Economic Crimes and Corruption (CCCEC) in the period 2003-2004¹⁹. The unpublished information was classified, but it is unclear from which perspective namely the management of public finances was turned into a state secret, especially in the case of an agency designed to fight corruption and economic crimes. Another major drawback, in our opinion, is the fact that the decisions of the Chamber of Auditors are published very late: 12 to 18 months, as a rule.

¹⁶ Governmental decision # 19 adopted on 04.01.2006;

¹⁷ Governmental decision # 82 from 24.01.2006;

¹⁸ Annual report of evaluation of the EGPRPS implementation in 2005;

¹⁹ Chamber of Auditors, decision regarding the findings of the auditing in the CCCEC, in the period 2003-2004, # 83 from 10.11.2005, published in Monitorul Oficial # 025 from 10.02.2006;

Monitoring grid 5 Development and economic and social reforms

Indicators/ fields	Evolution in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
Poverty reduction	<ul style="list-style-type: none"> Rise of personal incomes (estimates of EXPERT-GRUP); 	<ul style="list-style-type: none"> Rise of real salary and remittances from abroad; 	<ul style="list-style-type: none"> Our estimates – poverty continued to decline, but more slowly; 	<ul style="list-style-type: none"> Trade unions become more active; 	<ul style="list-style-type: none"> Rise of prices; Risks to succumb the production and salaries; 	+0,5	Evaluates of authors; Data of NBS;
	<ul style="list-style-type: none"> Approval of the national programme on control and prevention of tuberculosis; 	<ul style="list-style-type: none"> Realization of risks of tuberculosis by Government; Hunt of OMD; 	<ul style="list-style-type: none"> Long-term impact – reduction of TB incidence; 	<ul style="list-style-type: none"> TB combat is a priority for several international financial and donor institutions; 	<ul style="list-style-type: none"> Lack of financial resources; 		
	<ul style="list-style-type: none"> Adoption of the national water and sewerage providing programme; 	<ul style="list-style-type: none"> Hunt of OMD; Requests of localities; Priorities of donors; 	<ul style="list-style-type: none"> Long-term impact – rise of share of population with access to drinking water; 	<ul style="list-style-type: none"> Interest of donors; 	<ul style="list-style-type: none"> Lack of financial resources; 		
	<ul style="list-style-type: none"> Pilot project on assessment of overall income; 	<ul style="list-style-type: none"> High costs of present policy; Lack of efficiency and categorical principle; 	<ul style="list-style-type: none"> Rise of precision and efficiency of assistance policies; Saving of resources; 	<ul style="list-style-type: none"> Support of donors; Support of NGOs; 	<ul style="list-style-type: none"> Complexity of implementation of mechanism of testing of the overall revenue; Corporate interests; 		
Economic growth	<ul style="list-style-type: none"> Insurance of macroeconomic stability (in February 2006 prices were by 10.1% higher than in 2005; in 2005 they were by 13.4% higher than in February 2004); 	<ul style="list-style-type: none"> Adoption of strategic targets of macro stability (budgetary balance, low inflation); 	<ul style="list-style-type: none"> Encouragement of investment intentions; Reduction of inflationist anticipation; 	<ul style="list-style-type: none"> Maintenance of remittances from abroad at a constantly high level;; 	<ul style="list-style-type: none"> Rise of prices of Russian natural gas; Unbalancing of current account; Volatility of fuel market; 	0	Evaluates of authors; Data of NBS;
	<ul style="list-style-type: none"> Poor performances of industry; 	<ul style="list-style-type: none"> External commercial barriers; Low competitiveness of domestic industrial production (problem of standards and quality); 	<ul style="list-style-type: none"> Narrowing of basis for GDP growth; Reduction of salary rise perspectives; 	<ul style="list-style-type: none"> Existence of some Central European and Asian markets; 	<ul style="list-style-type: none"> Introduction of new sanctions or trade barriers by Russian Federation; Propagation of crisis; 		
	<ul style="list-style-type: none"> Rise of real salaries by 14% in January-February; 	<ul style="list-style-type: none"> Administrative rise of budgetary salaries; Growth of sales in trade sector; 	<ul style="list-style-type: none"> Better remuneration of labour factor; Growth of available revenues; 	<ul style="list-style-type: none"> Rise of salaries on private sector and those paid by foreign competition in Moldova; 	<ul style="list-style-type: none"> Reduction of industrial rise paces and risks of decline of the sector; 		
	<ul style="list-style-type: none"> Proposal of amendments to the law on subsidised insurance of risks in agriculture; 	<ul style="list-style-type: none"> Lack of significant progress in implementing the law in the initial version; 	<ul style="list-style-type: none"> Impact will be positive, but limited only for producers who will insure themselves; 	<ul style="list-style-type: none"> Stimulation of insurance of agriculture by private agencies; 	<ul style="list-style-type: none"> Insufficient financial resources allocated for implementation of law; 		
Cooperation with IFI	<ul style="list-style-type: none"> Reaching of a preliminary agreement of Government and National Bank with IMF on economic policies; 	<ul style="list-style-type: none"> Interest of governance to restore relations with IMF for restructuring of debt and obtaining of cheap financial resources; 	<ul style="list-style-type: none"> If the memorandum is approved, the allocated resources will help balancing the current account and ensuring budgetary balance; 	<ul style="list-style-type: none"> Risks of current account; 	<ul style="list-style-type: none"> Incoherence of structural policies; 	1,5	Evaluates of authors;
Public finances	<ul style="list-style-type: none"> Governmental decision on elaboration of medium-term framework of expenses and draft budget; 	<ul style="list-style-type: none"> Necessity to extend CCTM for a high number of sectors and to ensure a regulation framework for CCTM; 	<ul style="list-style-type: none"> Impact will be manifested later, at the same time with the start of a new round of financing planning for 2007-2009; 	<ul style="list-style-type: none"> Creation of a more representative CCTM Support of IFI; 	<ul style="list-style-type: none"> Prevailing of some narrow ministerial interests on national development priorities; 	0	Evaluates of authors;
	<ul style="list-style-type: none"> Awarding of facilities and casual fiscal facilities; 	<ul style="list-style-type: none"> Corporate interests and lack of transparency; Lack of a public control on financial resources; 	<ul style="list-style-type: none"> Reduction of budgetary collections; Favouring of dishonest competition; 	<ul style="list-style-type: none"> Insurance of a wider politic and public control on public finances and insurance of a transparent promotion of draft laws; 			
	<ul style="list-style-type: none"> Lack of transparency in state control on use of public finances; 	<ul style="list-style-type: none"> Lack of independence and self-censorship of control authorities 	<ul style="list-style-type: none"> Budgetary costs; 	<ul style="list-style-type: none"> Modifications of the law on Chamber of Auditors; 			

6. INTERNATIONAL TRADE

Trade evolution

The commercial vulnerability of Moldova in the first quarter was shown at maximum. After a decline of trade expansion below any expectations in 2005, the exports in January-March 2006 fell in comparison with 2005. At the moment, only the data about the international trade in January 2006 are available; these data show that the exports dropped 2.8% that month, compared with January 2005. Meanwhile, the imports increased 30.7%, and no indicators exist to suggest that the situation improved in February-March.

The trade deficit aggravated, rising almost two-fold compared with January 2005. Geographically, the decrease of exports was determined greatly by the decline of exports to the CIS and other countries (first of all, to the US). In the structure of exports, losses were largest in the industry of food, alcohol and tobacco – 5.8% against January 2005. The significant increase of imports was due to a more-than 50% rise of imports of minerals and electricity.

The exports to the E.U. increased 14.5% compared with January 2005, and the share increased from 29.4% to 34.6%. The exports to the E.U. consist of several groups of products, and the growth came from vegetal products, food, and textiles. The imports from the E.U. were much more diverse and rose more than the exports – over 39%; now the imports from the bloc account for 24% of the total, compared with 22.6% in January 2005. Moldova imports from the 25-strong Union mainly machinery and hardware, textile materials, plastic and rubber materials, mineral products, chemical products, and products of animal origin.

Trade relations with Russia

The principal factor that pushed for the reduction of exports in 2006 was the technical barriers raised by Russia in the way of Moldovan wines in bottle and in bulk from Moldova. If at the beginning of the year Russia only used threats, in February-March it imposed de facto an embargo on Moldovan wine products, enacting thus a 2005 political decision of the State Duma. Even Russian experts admit that the Russian move was influenced by the change of Moldova's external political course, by the pressure to have the Russian troops out of Transnistria, and by the introduction of a stricter control at the Moldovan-Ukrainian border²⁰.

Russia's actions are still striking in the sanitary-epidemiological area²¹. For the time being, we have not seen any consistent actions or decisions from the government or products in Moldova to resolve the trade conflict. But in strategic terms, the final elimination of any suspicion regarding the quality and conformity of Moldovan products requires the implementation of internationally-recognised standards.

In the first quarter, the gas price from Russia (delivered by the state-owned monopoly Gazprom) increased by some 37%. Although the Russian side invoked only economic reasons, Moscow had obviously used economic instruments to achieve certain political goals. The E.U. support in negotiations with Gazprom was formal, rather than real, perhaps because the bloc itself is vulnerable from the point of view of energy security.

Trade policy

In March, the Ministry of Economics presented to the public the National Export Promotion Strategy for 2006-2008. The document attempts to analyse consistently the present-day situation of the foreign trade, it gives a strategic vision concerning the medium-term development of exports, it defines the strategic goals for 2006-2008, and it describes the main tasks concerning the strategy management. Unfortunately, this strategy does not contain a detailed assessment of implementation costs or a review of the possible financing sources. As the precedent strategy (2002-2005) shows, the lack of financial sources compromised the achievement of many strategic goals.

Obligations towards the WTO

The Action Plan envisages the fulfilment of all obligations Moldova assumed in the World Trade Organisation. With limited human resources, for the writers it was very hard to evaluate at what degree the country has fulfilled those obligations. The cause is that the Report of the Working Group for Moldova's Adherence refers to commitments in 18 areas, and each area is governed by WTO agreements that are technically complicated. Apparently, most of them have been met. Following are the commitments which, in our opinion, Moldova has not met:

²⁰ See the commentary «Молдавское вино иссякло» (Moldovan wine has run dry), source: <http://www.wineworld.ru/news/article2017.html>.

²¹ On 21 March 2006, the chief veterinary physician of Russia, Gennady Onishchenko, issued an order regarding "intensification of control on the circuit of alcoholic products," declaring that he was particularly concerned over the quality of wines and brandy imported from other CIS countries, from Chile and Argentina. At the same time, he warned of tough measures concerning Moldovan and Georgian wines. An interesting fact: in February 2006, Moldovan wineries that attended the 8th tasting contest "Best Product of 2006", at the Prodexpo international exhibition in Russia, won around 40 medals, of which 10 were golden. We should also cite Moldovan officials who say that in addition to the specialised laboratory services of the Moldovan Agriculture and Food Industry Ministry, it is Russia's Rostest agency that verifies the wines from Moldova.

- Reduction of government meddling into price matters;
- Uniform enforcement of trade law within the entire customs area (evidently, because of Transnistria);
- Introduction of voluntary standards;
- Modernisation of the system of technical regulations, testing and certification of quality;
- Obligations linked to the observance of trade intellectual ownership law (as part of the TRIPS Agreement);

We have not found any report published by the government regarding the implementation of its obligations in the WTO context, or obligations deriving from the Partnership and Cooperation Agreement with the E.U. Analysing the spots which Moldova has not filled in yet concerning the organisation, we found in the first quarter some progress in the area of metrology, standards, testing and quality (MSTQ). The Ministry of Economics and Commerce has drafted and placed on its website a draft strategy on MSTQ for Moldova. The reforms in this area will be supported by the World Bank and the Japanese government in the „Competitiveness Enhancement Project,” which started in January 2006. The poor performance of Moldova in the MSTQ area keeps low the capacity of Moldovan products to compete.

Trade regime with the E.U.

Beginning 1 January 2006, Moldova benefits from the new Generalised System of Preferences Plus (GSP+) of the E.U. around 7,200 groups of products obtain free access to E.U. markets as part of the GSP+. No customs duties are required. At the same time, this system does not include a number of “import-sensitive” products. Compared with GSP, GSP+ added a number of agricultural products and fisheries, offers larger access and a wider validity (revision is done once in three years, rather than once on one year as in GSP). To benefit from the GSP+, the goods must meet a number of criteria concerning the origin and supply.

The Ministry of Economics and Commerce has completed a comparative analysis between GSP and GSP+, and it has concluded that the benefits for Moldova will be greater. Almost 88% of Moldovan exports to the E.U. will be exempted from customs duties, compared with 52% granted under GSP. The ministry has estimated that the savings from customs duty exemptions would amount to almost 20 million dollars. The improvement of competitiveness as price could increase significantly the cashing from sales of certain important Moldovan goods sold in the E.U. (knitted goods, confectionery, fruit juice, oils, apple, jam, and other sugar-like products). But the level of preference has not changed in the case of grape wines and cereals. In addition, the Union applies a number of other commercial instruments to protect its market from foreign products, including food, for which Moldova would compete successfully.

Moldova has long time bided to obtain a regime of Autonomous Trade Preferences (ATP) from the E.U., this being even a better form than GSP+. In the first quarter of this year, the Ministry of Economics and Commerce and the Ministry of Foreign Affairs and European Integration started negotiations with the E.U. on this issue. We believe the Union is likely to grant this facility to Moldova, but the country has first to fulfil a series of institutional and regulatory reforms in the area of certification of goods (which must be done by the Customs Service at E.U. request, rather than the Chamber of Commerce and Industry) and to strengthen the customs capacities. A clear division of responsibilities and the attribution of certification competences to the Customs Service are absolutely necessary in order to ensure an effective control on the origin of goods. Corruption in the customs system may represent a significant risk at the first stage of this reform. We should also mention that even that ATP would not fully open the European markets for such products as alcoholic beverages, meat, and some other food products.

Monitoring grid 6 International trade

Indicators	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
Evolution of international trade	<ul style="list-style-type: none"> Reduction of value of exports; 	<ul style="list-style-type: none"> Introduction of trade barriers by Russia; 	<ul style="list-style-type: none"> Reduction of economic growth by spreading the crisis in other sectors; Risk of poverty; Risk to intensify emigration; 	<ul style="list-style-type: none"> Moldova's status of WTO member state; Russia's intention to join WTO by December 2006; 	<ul style="list-style-type: none"> Risk to introduce new trade barriers; Risk to repatriate the Moldovan workers; 	-2,0	Estimates of author;
	<ul style="list-style-type: none"> Substantial rise of imports increase the trade deficit; 	<ul style="list-style-type: none"> High demand of production and household sector; 	<ul style="list-style-type: none"> The current account is threatened because the exports are on the decline while perspective of remittances is unclear; 	<ul style="list-style-type: none"> Diversification of export markets on long term; Inhibition of internal demand and stimulation of savings; 	<ul style="list-style-type: none"> Existence of some trade barriers from E.U.; Low quality of many products; Inadequate transportation infrastructure; 		
	<ul style="list-style-type: none"> Growth of exports to E.U.; 	<ul style="list-style-type: none"> Larger exports to France, Finland, Ireland, the Netherlands; 	<ul style="list-style-type: none"> Relative diversification of export markets; 	<ul style="list-style-type: none"> Russia's barriers will make producers look for alternative opportunities in E.U., ECE and other countries; 	<ul style="list-style-type: none"> Tendency to reduce exportats to Germany and Italy; 		
Commercial relations with Russia	<ul style="list-style-type: none"> Reduction of bottled and raw wine exports; 	<ul style="list-style-type: none"> Political interests of Russia; 	<ul style="list-style-type: none"> Loss of positions of Moldovan producers on Russian market; Reduction of collections from export; 	<ul style="list-style-type: none"> Sanctions on quality-related reasons cannot be universally introduced on all producers; Quality of Moldovan wines was recognised at a wine exhibition in Moscow in February 2006 (10 golden medals); 	<ul style="list-style-type: none"> Political interests predominate the economic interests in Russia; 	-2,0	Estimates of author;
	<ul style="list-style-type: none"> Rise of tariffs of Russian natural gas; 	<ul style="list-style-type: none"> Modification of business strategy of Gazprom in „close neighbourhood“; 	<ul style="list-style-type: none"> Rise of trade deficit; Reduction of welfare of households; Some industrial branches will suffer much (cement, glass); 	<ul style="list-style-type: none"> On short term: financial revision of Moldova-Gaz company; Installation of individual and collective meters; On long term: diversification of importers and reduction of huge energy consumption nature of economy and infrastructure; 	<ul style="list-style-type: none"> Risk of new short and long-term rises; Existence of some strong corporate interests in Moldovan energy sector; 		
Commercial policy	<ul style="list-style-type: none"> Adoption of the export promotion strategy for 2006-2008; 	<ul style="list-style-type: none"> Expiration of orecedent strategy; Intention to ensure a stronger commercial expansion for Moldova; 	<ul style="list-style-type: none"> Imperceptible on short term; Geographical and assortment diversification of exports on long term; 	<ul style="list-style-type: none"> IFI; Wish of producers to diversify export markets; Future implementation of MSTQ strategy; 	<ul style="list-style-type: none"> Bad quality of some goods exported to eastern markets will not allow the reorientation to other markets; Lack of financial resources for financing of some active export promotion policies; 	+0,5	Estimates of author;
Obligations towards WTO	<ul style="list-style-type: none"> MET drafted and published the draft MSTQ strategy for Moldova on its website 	<ul style="list-style-type: none"> Necessity of modernisation and international recognition of Moldovan MSTQ system; 	<ul style="list-style-type: none"> Identification of “nervous points” of MSTQ system on short term; On long term: international recognition of national system; 	<ul style="list-style-type: none"> Support of international financial institutions and some foreign groups; 	<ul style="list-style-type: none"> Complexity of system; Bureaucratic interests; Lack of human and financial resources; 	+0,5	Estimates of author;
Trade regime with E.U.	<ul style="list-style-type: none"> Introduction of GSP+; 	<ul style="list-style-type: none"> International commercial obligations of E.U.; Requests of Moldova; 	<ul style="list-style-type: none"> 20 million dollars in potential savings from annulment of customs duties; Rise of share of exports that fall under incidence of trade preferences; 	<ul style="list-style-type: none"> Need of producers to reorganise the export from eastern to western markets; Organisation of several business forums (Lithuania, Romania, Estonia); 	<ul style="list-style-type: none"> Uncertainty related to division of competences of issuing of cargo origin certificates; Lack of information of business community; Lack of business contacts with E.U.; 	+1,0	Estimates of author;
	<ul style="list-style-type: none"> Start of negotiations on PCA 	<ul style="list-style-type: none"> Necessity to obtain free access to E.U. market; 	<ul style="list-style-type: none"> Larger fiscal savings; Rise of competitiveness through price; 	<ul style="list-style-type: none"> Opening demonstrated by E.U.; Intensive activity of Moldovan diplomacy; 	<ul style="list-style-type: none"> Low quality of Moldovan goods; Lack of business contacts with E.U.; Uncertainty related to division of competences of issuing of commodity origin certificates; 		

7. BUSINESS CLIMATE

Reforme of commercial right

The Action Plan stipulates that the Government will take actions to reform the commercial right field. The measures include among others the simplification of conditions of constitution and development of companies. The "one-stop-shop" principle was widely introduced or tested for registration of companies (at central level) and issuing of authorisations and certificates by local authorities. Of course, the progress in the field of commercial right will be also related to success of the justice reform because entrepreneurs shall be sure that the court will effectively protect their rights. Also, we think that the "one-stop-shop" shall be tested for customs operations.

Analyses carried out by MEC in 2006 show that the "one-stop-shop" allows to save much time and money. Another 10 "one-stop-shops" are expected to open at local level in 2006 and the licence issuing principle will be tested. We do not observe important activities in this field in the 1st quarter of 2006. However, the conditions of constitution of companies are better today than the E.U. and Moldova have signed the APC, while the accomplishment of this progress is one of special provisions of the Action Plan;

Three important laws aimed to implement relevant European standards in Moldova were proposed to public for consultation. They are: 1) draft law on limited societies (the most popular form of legal organisation of companies in Moldova); 2) draft law on holdings; and 3) draft law on entrepreneurial activity of individuals. According to data from MET, no proposal on these drafts was received in the 1st quarter of 2006, and this thing demonstrates the passivity of public on one hand, while on the other hand indicates the deficiencies of this communication strategy. Business circles should get involved more actively in debating the draft laws and contribute to consolidation of private sector through other means as well. In particular, the Action Plan invites domestic private sector to contribute to adoption of a code of good corporate governing. Private actors did not manifest interests for this issue in the period concerned. At the same time, some very serious corporate scandals have appeared or worsened in the 1st quarter because of imperfection of legislation regulating the activity of commercial societies and inefficiency of the judicial system.

Regulatory reform

The Government submitted the draft law on basic principles and mechanism of regulation of entrepreneurial activity to the Parliament on 1 February, 2006. The draft stipulates the legalisation of some important principles such as insurance of stability of regulation framework by state, transparency of regulation and mandatory analysis of impact of proposed regulation acts. The draft obliges control bodies to apply the presumption of innocence, to treat the doubts appeared during implementation of legislation in favour of entrepreneur, to cover the expenses needed for controls from state funds, to prevent sanctions that the laws does not stipulate, to pay the entire damage caused by an illegal control, etc.

According to official information, MET has started elaborating a national strategy on regulatory reform²² and this document is a first stage for development and the public does not have access. The Government intends to raise this document for debates in the first half of this year. The elaboration of a regulatory strategy, but especially of a coherent action with concrete terms and a clear division of responsibilities is a clear provision of the Action Plan.

MET announced in March 2006 that it has elaborated a nomenclature of authorisations, permits and certificates issued for entrepreneurial activities in the context of the regulatory reform. The legality of more than 200 types of permissive administrative acts have been examined for elaboration of the nomenclature and 125 types of authorisations, including 80 documents that will be issued for free and within maximum 10 working days were considered. The Action Plan stipulated actions of this kind, while the nomenclature was not published yet. It is unclear so far how legislative and normative innovations will be implemented. According to officials, many functionaries avoid the guillotine principle²³. It was proposed that the state commission for regulation of entrepreneurial activity give notice to regulatory acts, but the bureaucratic resistance is still very strong and it will be eliminated only at the same time with the radical reform of central public administration.

Competition

The creation of a National Agency for Competition Protection (NACT) has been delayed in continuation, though the Action Plan envisages the effective implementation of laws for competition protection. In the first quarter of 2006, a number of amendments and draft laws made reference to the existence of this agency, which in reality did not exist. This makes us believe that the NACT will be created finally, but a lot of time will pass until this agency will become fully functional. As the experience of other regulatory agencies in Moldova shows, even

²² Annual report on evaluation of implementation of EGPRSP;

²³ Declaration delivered by minister of economy at the 15 March governmental sitting cited by the issue 10 of Logos Press from 17 March, 2006.

though it will formally exist as an independent structure, the government will control the NACT, nevertheless, financially or via administrative instruments.

The process of liberalisation of the electricity market, too, is slow due to unknown reasons, for the time being. In 2003, the parliament ruled that the liberalisation of this sector will take place between 10 March 2003 and 10 March 2005, but on 22 December 2005 it extended again the period of liberalisation till 1 July 2005. The regulatory framework is affected by the lack of transparency in funding relations between the government and the regulatory agencies, with the latter heavily dependent on the state²⁴. Under these circumstances, these agencies are unable to work as impartial or independent actors in the regulation of the market portions they oversee.

Privatisation

The Action Plan tells about the need to continue the privatisation programme, in particular by selling large enterprises and energy companies. This subject has been carefully avoided by the present government. A major evolution in this regard, which was not covered in the first issue Euromonitor, is the prolongation of the 1997-1998 privatisation programme (Law 1217-XIII from 25 June 1997) by parliament on 22 December 2005 till 31 December 2006. The fact that privatisation remains a low priority for the Government is also observed in the attempt to achieve some actions dating years ago by repeating them more than once. It is unlikely, however, to achieve the goals of this programme by the end of this year, because too many companies have to be privatised in a short period of time (over 500 companies under common projects and over 40 under individual projects, plus a long list of unfinished constructions). There is minimum transparency and public information in the privatisation area.

Customs Service

The institutional consolidation of the customs system is a priority of the Action Plan. In accordance with the intermediate agreements, an intense activity was unfolded in 2005 to harmonise the primary legislation in the customs area to the European standards²⁵, with the primary legislation between made almost fully compliant with the E.U. requirements. In the context of adjustment of the secondary legislation, Moldova enforced in 2006 a regulation concerning customs brokers²⁶. This initiative was aimed at simplifying the customs procedures and at ensuring a rapid speed for international transactions. At the same time, some foreign experts say, the procedure of accreditation is too complicated at present, while the conditions imposed to companies willing to handle customs clearance are too restrictive, so that the effect of this regulation will appear later than expected²⁷. To harmonise the legislation of secondary level, the government approved a regulation on mobile teams of the Customs Service²⁸. A code of conduct was worked out, too.

A condition of the E.U. in exchange for the ATP is the transmission of the functions concerning the certification of origin of goods from the Chamber of Commerce and Industry to the Customs Service. This transition was to be done gradually. The first stage saw the transmission of the functions concerning the release of certificate of origin for goods that are sold in the E.U. and in the countries that are part of the Stability Pact for South-East Europe. In the first quarter of 2006, no progress in the delimitation of certification functions between the chamber and the service concerned was noticed. We believe it makes sense to pass all the certification competences to the Customs Service.

Corruption

Corruption will remain in a foreseeable future a key subject in public debates. In 2004, the parliament adopted a national strategy for corruption prevention and struggle. On 30 December 2005, analysing the pace of implementation of this strategy, the government admitted that corruption remained yet deeply rooted and multidimensional, while the efforts of the CCCEC regarding enforcement of law and of this strategy was described as "intense" and "satisfactory"²⁹. Of the 500 criminal cases filed by the CCCEC in January-October 2005, as many as 63% were about corruption. There is no alternative evaluation of CCCEC work for the time being. In parallel, certain law enforcement agencies continued harassing business people, an action that directly harmed the international perception of business climate in Moldova.

²⁴ For example, the budget of the National Agency for Regulation in Telecommunication and Informatics for 2006 was approved in governmental decision # 1 from 03/01/2006. The decision says the ANRTI budget contains two parts: incomes and expenses. The same situation can be seen in the case of the National Agency for Energy Regulation, by governmental decision 94 from 27/01/2006.

²⁵ The Draft Annual Report of Evaluation of Implementation of the E.U. Action Plan for Moldova, Chapters 2.3., 2.4. <http://www.mfa.md/Ro/IntegEur/Documente/Raport%20cap.2.3.2.4.%20.pdf>;

²⁶ By approval of the Regulation on Customs Broker and Customs Clearance Specialist, as in governmental decision # 1290 from 09/12/2005;

²⁷ For detailed discussion on this subject please read the article „Профессия – таможенный брокер” (Profession: Customs Broker), from the economic review magazine Экономическое обозрение Logos-Press, issue 8 (648) from 3 March 2006;

²⁸ Governmental decision # 8 from 30/01/2006 on approval of the Regulation on Mobile Teams of the Customs Service;

²⁹ Governmental decision # 00 from 30/12/2005 on the CSAECC implementation of the Action Plan regarding the national strategy on corruption prevention and struggle;

Monitoring grid 7 Business climate

Indicators	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
Reform of commercial right	<ul style="list-style-type: none"> Lack of progress in implementing the one-stop-shop 	<ul style="list-style-type: none"> Unknown; 	<ul style="list-style-type: none"> Late reform; 	<ul style="list-style-type: none"> Inertia of year 2005; Positive estimates of impact on pilot projects; 	<ul style="list-style-type: none"> Resistance of institutions and envisaged central authorities; 	0	Estimates of author;
	<ul style="list-style-type: none"> Lack of proposals from private sector on draft laws on commercial right; 	<ul style="list-style-type: none"> Inadequate communication strategy; Passivity and disorganisation of economic agents; 	<ul style="list-style-type: none"> Draft laws will be adopted without including relevant proposals from private sector; 	<ul style="list-style-type: none"> Positive precedents of public communication gathered in the EGPRSP process; 	<ul style="list-style-type: none"> Inadequate communication strategy; Passivity and disorganisation of economic agents; 		
	<ul style="list-style-type: none"> Lack of progress in elaboration of the Corporate Governing Code; 	<ul style="list-style-type: none"> Lack of interest and understanding of problem by economic agents and Government; 	<ul style="list-style-type: none"> Corporate scandals and misunderstandings between shareholders; 	<ul style="list-style-type: none"> Projects on consolidation of private sector supported by international institutions; 	<ul style="list-style-type: none"> Lack of independence of justice; Opacity of property relations; 		
Regulatory reform	<ul style="list-style-type: none"> Submission of the draft law on basic principles and mechanisms of regulation of entrepreneurial activity to the Parliament; 	<ul style="list-style-type: none"> Need to renew the regulation framework; Continuation of reform started in 2005; 	<ul style="list-style-type: none"> Legalisation of some principles favourable to business (stability, transparency of regulatory framework, etc.); 	<ul style="list-style-type: none"> Projects on consolidation of private sector supported by international institutions; 	<ul style="list-style-type: none"> Resistance of central institutions and authorities concerned; 	1.0	Estimates of author;
	<ul style="list-style-type: none"> Start of the process of elaboration of the national strategy on regulatory reform; 	<ul style="list-style-type: none"> Need to renew the regulation framework; Continuation of reform started in 2005; 	<ul style="list-style-type: none"> Imperceptible; 	<ul style="list-style-type: none"> Projects on consolidation of private sector supported by international institutions; 	<ul style="list-style-type: none"> Uncertainty regarding financing resources; 		
	<ul style="list-style-type: none"> Elaboration of the nomenclature of authorisations, premises and certificates for entrepreneurial activity; 	<ul style="list-style-type: none"> Lack of an integrating regulatory act capable to ensure stability and transparency of self-isolation process; 	<ul style="list-style-type: none"> Reduction of bureaucratic burden; 	<ul style="list-style-type: none"> Energy and experience gathered in reform of regulatory framework; Projects on consolidation of private sector supported by international institutions; 	<ul style="list-style-type: none"> Resistance of central institutions and authorities concerned; 		
Competition	<ul style="list-style-type: none"> Lack of progress in constituting ANPC; 	<ul style="list-style-type: none"> Hidden interests and corporate pressures on executive; 	<ul style="list-style-type: none"> Practices of unloyal competition continue; 	<ul style="list-style-type: none"> Government assumes obligations of structural reforms; 	<ul style="list-style-type: none"> Effective dependence of some regulatory agents on Government; 		Estimates of author;
	<ul style="list-style-type: none"> Lack of progress in liberalising the energy market; 	<ul style="list-style-type: none"> Imperceptible; 	<ul style="list-style-type: none"> Consumers have to accept conditions dictated by providers; 	<ul style="list-style-type: none"> Imperceptible; 	<ul style="list-style-type: none"> Resistance of ANRE; 		
Privatisation	<ul style="list-style-type: none"> Privatisation is not present on political agenda; 	<ul style="list-style-type: none"> Ideological platform of the ruling party; 	<ul style="list-style-type: none"> Patrimony is not administrated appropriately; 	<ul style="list-style-type: none"> Signing of preliminary agreement with IMF; 	<ul style="list-style-type: none"> Resistance of central institutions and authorities concerned; 	0	Estimates of author;
Customs Service	<ul style="list-style-type: none"> Harmonisation of secondary legislation (regulation of customs broker) continued; 	<ul style="list-style-type: none"> Obligations towards WTO and E.U.; 	<ul style="list-style-type: none"> Faster transactions via specialised brokerage companies; 		<ul style="list-style-type: none"> Regulation is too restrictive; 	0.5	Estimates of author;
	<ul style="list-style-type: none"> Delay to transmit competences of certification of origin of goods by Customs Service; 	<ul style="list-style-type: none"> Complexity of procedure; Resistance to CCI; Institutional inertia; 	<ul style="list-style-type: none"> Complication of negotiations with E.U. on trade; 	<ul style="list-style-type: none"> Existence of a political need of reform; 			
Combat of corruption	<ul style="list-style-type: none"> Harassment of some businessmen and private companies continued; 	<ul style="list-style-type: none"> Lack of public control on activity of law enforcement bodies; Political dependence of law enforcements; Inefficiency of judicial system; 	<ul style="list-style-type: none"> Reduction of investment attractiveness of Moldova, worsening of internal and external perceptions of business environment; 	<ul style="list-style-type: none"> Constant monitoring of situation by international financial and legal institutions and foreign investors; 	<ul style="list-style-type: none"> Mix-up of political and economic interests; 	-1.0	Estimates of author.

8. BORDER CONTROL

Implementation of the December 4, 2003 border control concept

The adoption of the law on Border Guard Service is late. Despite the Plan of Priorities of MFAEI and Legislative Plan of the Moldovan Parliament, this law was not adopted until now. This stagnation raises concern.

A limited progress is also observed in the case of the concept on state border guard, but it will be adopted in the last quarter of 2006.

Intensification of cooperation between agencies in charge with border management and neighbouring countries

The activity of the Border Assistance Mission continues to be the best one as regards the border control chapter. A series of meetings aimed to coordinate this Mission took place in the 1st quarter of 2006. According to the Border Control Service of Moldova, the meetings tackled operational issues, exchange opinions regarding the results and perspectives of activity. The Border Guard Services of Moldova and Ukraine conducted a preliminary assessment of security at the Moldovan-Ukrainian border for 2005.

However, the most important evolution was registered on March 3, 2006: Ukraine introduced the new border crossing rules at the Transnistrian section of the state border that require the Moldovan customs stamps on travel documents of loads. This step is regarded as very important for blocking of smuggling at the Transnistrian section of the Moldovan-Ukrainian border. This decision of the Ukrainian authorities was saluted by representatives of the European Commission, United States and, of course, by Moldovan authorities. At the same time, the new rules introduced by Ukraine have raised negative reactions from the Tiraspol administration and Russian officials.

The cooperation in the area of management and securing of the border with Romania is on the rise. Thus, the Governmental Decision approving the Protocol between the Border Guard Service of the Republic of Moldova and Border Police Department General of the Romanian Ministry of Administration and Interior regarding exchange of information for specific missions was enforced on January 6, 2006.

Activities aimed to stir up the cooperation between the Border Guard Service of the Republic of Moldova and Border Police Department General of the Romanian Ministry of Administration and Interior took place in the Romanian city of Iasi on 10 March, 2006 with the purpose to implement the action plan on development of cooperation between the two structures.

Continuation of Soderkoping process

The participation of Moldova in the Soderkoping process was almost absent. Cooperation within this process shall be enhanced, including by European partners. The Republic of Moldova shall use different tools offered by European institutions more actively in order to strengthen the transborder cooperation.

Monitoring grid 8 Border control

Indicators/ fields	Evolutions in the 1 st quarter of 2006	Factors of influence	Practical impact on studied evolutions	Circumstances that favour short-term and medium-term progress	Risks on short and medium terms	Cuantificarea progresului T1-06	Surse utilizate pentru evaluare
Cooperation with neighbouring countries in border management	<ul style="list-style-type: none"> Progress in securing the eastern border; 	<ul style="list-style-type: none"> The Ukrainian Government encouraged by E.U., WTO and Moldovan authorities; 	<ul style="list-style-type: none"> Barriers on way of illegal trade through the Transnistrian section of the eastern border; 	<ul style="list-style-type: none"> Legalisation of economic agents residents of Transnistria in Moldova; 	<ul style="list-style-type: none"> Change of progress through modification of Ukraine's stance as result of reconfiguration; 	+1	Comisia Europeană, MAEIE a Republicii Moldova, Parlamentul Republicii Moldova, Serviciul Grănicerii din Republica Moldova, Secretariatul Soderkoping (Kiev, Ucraina)
	<ul style="list-style-type: none"> Law that facilitates the cooperation with Romanian homologated services enters into force; 	<ul style="list-style-type: none"> Romanian and Moldovan authorities; 	<ul style="list-style-type: none"> Better control on Moldovan-Romanian border by increasing the cooperation between partners; 				
Modernisation of border guard service	<ul style="list-style-type: none"> Border Guard Service participates in exchange of border management experience with homologated services from new member countries; 	<ul style="list-style-type: none"> Relevant authroties of the Republic of Moldova, Ukraine, Romania and European Commission; 	<ul style="list-style-type: none"> Consolidation of a common base of cooperation and promotion of European standards in the field; 	<ul style="list-style-type: none"> Continuation of cooperation; 		0	Aceleași în afara Secretariatului Soderkoping
	<ul style="list-style-type: none"> Stagnation of modification of regulatory framework on modernisation of Border Guard Service; 		<ul style="list-style-type: none"> Slowing down of the process of modernisation of the Border Guard Service; 	<ul style="list-style-type: none"> Promotion of new regulatory framework; 	<ul style="list-style-type: none"> Stagnation of process 		

9. COMBATING TRAFFICKING IN HUMAN BEINGS

Current situation in Moldova

In Moldova, the victims of trafficking in persons are recruited among girls aged 14 to 25, girls who come from the rural environment, especially from impoverished households. These girls have their own history of abuses (physical, emotional and sexual), while attackers are often close persons, or relatives or neighbours. The low level of education and knowledge in general is an impediment, as a rule, for the correct filtering and assimilation of information from the recruiter by the future victim. At the same time, another group of risk is made up of women and children who suffer from poverty and are least protected in the face of traffickers. The latter are motivated to gain and are linked with the organised crime very often.

According to the data of Moldova's Ministry of Interior Affairs for the first quarter of 2006, last year there were registered 169 cases of liberation of women from sexual slavery. At the same time, ministerial officials say the number of people sold into prostitution is 10-fold larger. The same source said one out of three victims of traffickers is a mother, while the age of most victims varies between 18 and 26 years old. As a matter of fact, women and children from poor environment are prospective wares for traffickers.

The lack of public accounts would not allow us to evaluate the incomes obtained by traffickers in human beings in Moldova, though the number is believed to be rather high. According to statistics provided by the International Organisation for Migration (IOM), in Turkey alone traffickers made last year about 3.5 billion dollars, while more than 60% of sex slaves there were Moldovan citizens or Ukrainian citizens. On the occasion of the start of the national campaign to rescue women from sexual slavery, Turkish TV stations broadcast a clip showing four children from a Moldovan village praying for their mother to return home.

Data collection system

In spite of existence of many statistical data, such as the number of persons who became victims or who were punished, it is very difficult to assess qualitatively any trafficking numbers, not just in our country, but anywhere around the world. By its essence, this phenomenon is latent and no one really knows how many people have been trafficked. There are many factors that influence the counting of data about trafficking and, as a rule, all the attempts to get concrete numbers about the victims are controversial. For example, in the first quarter of 2006, the international centre La Strata identified 30 victims of traffickers, but this number did not reflect the real situation for that given period.

Besides, Moldova does not use a single system for records concerning trafficking or a unified technique to systematise the information collected. For example, a victim may get assistance from three organisations dealing with this issue. Each of them registers the case and after data processing we receive a report that there were three cases of trafficking, though in reality there was just one case in three different records. There are also problems related to the method of registration of trafficking cases. A concluding example in this regard is that the centre La Strada registers according to the year of trafficking, and the IOM registers according to the year when assistance was provided. Finally, we read two different reports, based on different information gathering mechanisms – and that make tough the job to obtain common statistics.

Legislation in the area

Moldova has severed the punishment for trafficking and made the organisation of illegal migration a crime. The changes in Articles 165 and 206 of the Penal Code by Law 376/29.12.2005 took effect on 31 January 2006, with the sanctions for trafficking in persons becoming tougher and detailed, no matter whether business or private individual.

Article 362¹, which was introduced at the time of change, requires a punishment for actions aimed at organising the entry, staying or leaving of Moldova by a Moldovan citizen or by a foreign citizen for the purpose of making profit, by using illegal methods (organisation of illegal migration). The sanctions in the case of an individual represent a fine from 300 up to 500 conventional units (*one conventional unit is equal 20 lei*) or a prison term of one to three years. The same crime committed by a legal entity requires a fine between 1,000 and 2,000 conventional units, plus a ban on doing certain activities or the closure of the firm concerned. A repetition of this offence, in the case of individual, means that he/she will pay a fine between 500 and 800 conventional units or will spend between three and five years in prison, while in the case of business, the fine is as large as 2,000-3,000 conventional units. If this offence is committed by an organised group or a criminal community, and it results in huge damage for public interests or legal rights of citizens or legal entities, the fine amounts to 800-1,000 conventional units and the prison term amounts to five to seven years. In this case, there is also a ban on certain activities, while the firm pays a fine between 3,000 and 5,000 conventional units and is denied certain activities or is forced to shut down.

Prevention and assistance of victims of trafficking in human beings

Civil society has formulated its own answers regarding the trafficking in human beings by creating some specialised services to assist victims of trafficking and to create some programmes on prevention of this phenomenon. In this regard, the International Organisation for Migration (IOM) in partnership with the Ministry of Foreign Affairs

and European Integration have worked put a project to enhance the potential of diplomatic corps of Moldova in assisting the victims of trafficking in human beings from Moldova. The cost of the project is estimated at about 200,000 dollars a year, an amount allocated by Norway's Ministry of Foreign Affairs.

At the same time, CIS experts have examined a draft international programme on combat of illicit trafficking in human beings for 2006-2008 at a sitting in Minsk, Belarus, on 7-10 February, 2006. The forum discussed a special interstate programme on joint actions of CIS countries aimed to create a single record system for citizens of third countries and stateless people who enter the CIS.

Functioning mechanism of trafficking in human beings

A productive and very well-organised mechanism of trafficking in human beings functions through some tourism firms or employ citizens abroad. Twenty-eight firms were working in this field in late 2005, compared with 44 in early 2006. Many licences were withdrawn after citizens have complained that they were cheated. According to the National Bureau for Migration, many firms licensed to employ citizens in a country offer illegal employment in other countries where they do not hold licences.

This way, many citizens leave for abroad illegally, without being ensured jobs. Although some firms work in the area for many years, they did not register any contract for employment abroad with NBMi until now. NBMi has registered only 94 contracts for employment abroad via licensed firms until now. At the same time, there are many fake contracts, which do not provide citizens with legal rights to work abroad.

Combating the phenomenon

Officers of the Centre for the Struggle Against Trafficking in Persons have discovered several networks of illegal migration and trafficking in human beings in Moldova in the 1st quarter of 2006, involving employees of tourism agencies, job seekers and even Roma ethnics³⁰. The victims were ill-treated, threatened with physical scuffle and even death, and they were forced to beg in street. The police discovered 111 offences in the 1st quarter described as:

- a) trafficking in human beings (Art.165 of the Penal Code of Moldova) - 89;*
- b) trafficking in children (Art.206 of the Penal Code of Moldova) - 21;*
- c) trafficking in organs (Art.165 of the Penal Code of Moldova) - 1.*

The police have held several persons suspected of these crimes and filed penal cases on their names.

³⁰ See www.mai.md

Monitoring grid 9 Combat of trafficking in human beings

Indicators	Factors of influence	Evolutions in the 1 st quarter of 2006	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
Dynamic of trafficking in human beings	<ul style="list-style-type: none"> Social-economic situation (poverty, unemployment, lack of opportunities, etc.) 	<ul style="list-style-type: none"> Some trends of a worse situation were registered; 	<ul style="list-style-type: none"> The inflow of illegal migration, substratus of trafficking in human beings - is on the rise; According to data of NBS, the number of illegal migrants has grown up to 500,000 persons; 	<ul style="list-style-type: none"> Irresponsability of decision making factors, sometimes direct involvements in combating the trafficking in human beings; 	<ul style="list-style-type: none"> Rise of prices of first-need products, lack of sources of existence, lack of well-paid jobs, etc.; 	0	International Centre La Strada; Centre for the Struggle Against Trafficking in Persons of MIA
	<ul style="list-style-type: none"> Domestic violence; 	<ul style="list-style-type: none"> It is at a high enough level; 	<ul style="list-style-type: none"> The number of victims of trafficking in human beings has grown 		<ul style="list-style-type: none"> Domestic violence – traditional conduct 		
	<ul style="list-style-type: none"> Persistence of corruption; 	<ul style="list-style-type: none"> It remains at a high enough level; 	<ul style="list-style-type: none"> Offences related to trafficking in human beings have intensified; 	<ul style="list-style-type: none"> The implementation of some anti-corruption programmes was observed in Moldova in the 1st quarter of 2006; 	<ul style="list-style-type: none"> Corruption is infiltrated in all sectors of public life; 		
Legislative framework	<ul style="list-style-type: none"> Ratification of information acts in the field; 	<ul style="list-style-type: none"> The European convention in the area was ratified; 	<ul style="list-style-type: none"> International cooperation framework in the field has improved; 	<ul style="list-style-type: none"> Efforts of the Republic of Moldova to join the E.U.; 	<ul style="list-style-type: none"> Still limited interest of national authorities for trafficking in human beings; 	2	International Centre La Strada; Centre for the Struggle Against Trafficking in Persons of MIA
	<ul style="list-style-type: none"> Elaboration and adoption of national legislative norms in the area; 	<ul style="list-style-type: none"> Some completions to the Penal Code of Moldova were drafted with the purpose to introduce penal responsibility for organisation of illegal migration; 	<ul style="list-style-type: none"> It has a favourable influence in terms of struggle against illegal migration; 	<ul style="list-style-type: none"> Efforts of the Republic of Moldova to join the E.U.; 			
	<ul style="list-style-type: none"> Existence of national plan on combat of trafficking in human beings; 	<ul style="list-style-type: none"> The National Action Plan is being implemented; 	<ul style="list-style-type: none"> Government has assumed responsibility in combating the trafficking in human beings; 	<ul style="list-style-type: none"> Efforts of the Republic of Moldova to join the E.U. 	<ul style="list-style-type: none"> Shortage of budgetary sources 		
	<ul style="list-style-type: none"> Adoption of regulations needed for a good functioning of legislation in the field; 	<ul style="list-style-type: none"> MFA, MHSP and the Centre for the Combat of trafficking in human beings of MIA work out some draft regulations; 	<ul style="list-style-type: none"> The process of repatriation of victims of trafficking in human beings will be regulated, a regulation on asylum for victims of trafficking in human beings was drafted, and others. 	<ul style="list-style-type: none"> Efforts of the Republic of Moldova to join the E.U., Moldova-E.U. Action Plan/trafficking in human beings 	<ul style="list-style-type: none"> Lack of coordination of activities for this purpose 		
Coordination of activity	<ul style="list-style-type: none"> Coordination at national level; 	<ul style="list-style-type: none"> Delayed; 			<ul style="list-style-type: none"> Lack of paid personnel in the National Committee Secretariat; 	0	International Centre La Strada
	<ul style="list-style-type: none"> Coordination at local level; 	<ul style="list-style-type: none"> Not achieved; 			<ul style="list-style-type: none"> District commissions for struggle against trafficking in human beings do not function; 		
	<ul style="list-style-type: none"> Coordination of current problems; 	<ul style="list-style-type: none"> Not achieved; 			<ul style="list-style-type: none"> A system of collaboration is absent; 		

Indicators	Factors of influence	Evolutions in the 1 st quarter of 2006	Practical impact on studied evolutions	Circumstances that favour progress	Barriers on way of progress	Quantification of progress of the 1 st quarter of 2006	Sources used for assessment
Prevention	<ul style="list-style-type: none"> Sensitizing and education 	<ul style="list-style-type: none"> Remain at the same level 			<ul style="list-style-type: none"> It did not become systematic; 	0	International Centre La Strada; Centre for the Struggle Against Trafficking in Persons of MIA
	<ul style="list-style-type: none"> Efficient measures against trafficking in human beings; 	<ul style="list-style-type: none"> Number of implemented programmes has grown. 	<ul style="list-style-type: none"> The size of trafficking in human beings is on the decline (number of former victims of trafficking in human beings has declined); 	<ul style="list-style-type: none"> Moldova obtained some grants to combat the trafficking in human beings; 			
Assistance and protection of victims and witnesses	<ul style="list-style-type: none"> Identification of victims of trafficking in human beings; 	<ul style="list-style-type: none"> No changes; 			<ul style="list-style-type: none"> Lack of some clear recommendations; 	0	International Centre La Strada; Centre for the Struggle Against Trafficking in Persons of MIA
	<ul style="list-style-type: none"> Granting of package of services; 	<ul style="list-style-type: none"> No changes; 			<ul style="list-style-type: none"> Limited sources do not allow the settlement of all problems; 		
	<ul style="list-style-type: none"> Protection of witnesses; 	<ul style="list-style-type: none"> No changes; 			<ul style="list-style-type: none"> Limited sources do not allow the settlement of all problems; 		
	<ul style="list-style-type: none"> Reintegration; 	<ul style="list-style-type: none"> No changes; 			<ul style="list-style-type: none"> Lack of long-term programmes on reintegration; 		
Investigation and trying of traffickers	<ul style="list-style-type: none"> Penal investigation of offenders; 	<ul style="list-style-type: none"> No changes; 			<ul style="list-style-type: none"> Fluctuation of staffs in police bodies 	1	International Centre La Strada
	<ul style="list-style-type: none"> Development of international cooperation; 	<ul style="list-style-type: none"> MIA worked out a draft agreement on cooperation with EAU; 	<ul style="list-style-type: none"> Resolution of problems related to repatriation of victims of trafficking in human beings from the United Arab Emirates; 	<ul style="list-style-type: none"> Bureaucratic barriers in EAU; 			
Information management and researches	<ul style="list-style-type: none"> Existence of data on this problem; 	<ul style="list-style-type: none"> Remains at the same level 			<ul style="list-style-type: none"> Inexistence of a system to collect data and to evaluate the situation; 	0	International Centre La Strada
	<ul style="list-style-type: none"> Existence of data on implemented measures; 	<ul style="list-style-type: none"> Remains at the same level 			<ul style="list-style-type: none"> Collection of data is not organised for the time being; 		
Cooperation between governmental and nongovernmental structures	<ul style="list-style-type: none"> Signing of agreements of cooperation between NGOs and state structures; 	<ul style="list-style-type: none"> Remains at the same level 			<ul style="list-style-type: none"> Insufficient development of NGOs; Lack of some traditions of collaboration; 	0	International Centre La Strada; Centre for the Struggle Against Trafficking in Persons of MIA
	<ul style="list-style-type: none"> Cooperation in the field of practical activities; 	<ul style="list-style-type: none"> NGOs are solicited more times for cooperation; 	<ul style="list-style-type: none"> Victims of trafficking in human beings are more receptive to cooperation with police; 	<ul style="list-style-type: none"> Differences as regards the goals of activity of NGOs and police bodies; 			
Mobilisation of resources	<ul style="list-style-type: none"> Mobilisation of resources; 	<ul style="list-style-type: none"> International support has grown, but resources from state budget were not allocated; 			<ul style="list-style-type: none"> Lack of budgetary sources; 	- 1	International Centre La Strada

10. MIGRATION MANAGEMENT

Evaluation and monitoring of migration phenomenon

The centre of information in the field of migration, a joint project of IOM and NBMi, continues to play a primordial role regarding the information over migration phenomenon in the Republic of Moldova. At the same time, IOM with the support of the Swedish Agency for International Development has started a new project „*Capacity Building for Developing Migration Management Procedures and Migration Policies in the Republic of Moldova*” which will contribute to a better migration management. The project stipulates among others the creation of an electronic database in NBMi, continued trainings for use of this database, researches and exchanges of information between agencies specialised in migration and trafficking in human beings.

At the same time, NBMi, a basic agency for development and coordination of migration policies, is in a condition of institutional suspension. The bureau may be transferred under administration of another ministry or even closed up, while its tasks may be distributed to other ministries. However, this uncertain state of NBMi may have negative effects on capacities of Moldovan authorities to manage migration. Even more, NBMi is the main partner of different international organisations working in the migration area. It is very important not to jeopardise the progresses registered in this field.

Adjustment of national legislation to European laws

The law for the ratification of the European Convention on the Legal Status of Migrant Workers, adopted in Strasbourg on November 24, 1977 and signed in Moldova on 11 July, 2002, was enforced on 3 March, 2006.

Adequate migration management

Evolutions in the area of professional training of specialised services have slowed down and, not the last, because of reorganisation of NBMi.

National action plan on migration and asylum policy

The adoption of this plan is still late, though the List of Priorities for the implementation of the Moldova-E.U. Action Plan (drafted by MFAEI) shows that it should be adopted in November 2005.

The plan will be likely adopted after the situation of NBMi, which was due to be the main actor of implementation of the plan, is clarified.

Consolidation of cooperation for migration

No significant progresses in the dialogue on readmission with the E.U. aimed to sign a readmission agreement are observed. The efforts in this key direction shall be intensified.

The Moldova-Portugal agreement on temporary residence for employment of Moldovan migrants in Portugal, prepared for signing last year, was not signed so far. At the same time, it is important to continue the pilot project that aims at employment of Moldovan workers in Italy, regardless of the future institutional membership of NBMi.

The information centre on migration provides information assistance for legal employment of Moldovan citizens in the Czech Republic.

The Action Plan stipulates the exploitation of possibilities to invite Moldova to participate or to observe European programmes on migration (ARGO, AENEAS). The Republic of Moldova has joined the AENEAS Programme of the European Commission regarding the fight against illegal migration and repatriation of migrants to their origin countries. Moldova's participation is encouraged by launch of the initiative *Regional Protection Programmes* by the European Commission and it aims to transmit direct benefits to refugees and to contribute to a better protection and respect for human rights in Moldova, Ukraine, and Belarus.

These programmes have three key directions: to strengthen the administrative and institutional capacity for international protection of asylum seekers; encourage the access to international conventions and international protection; to improve the conditions for reception of refugees and asylum seekers. The contest for the participation in the AENEAS Programme was announced by MFAEI.

No firm progress was registered in the area of visa policies.

Monitoring grid 10 Migration management

Indicators	Factors of influence	Evolutions in the 1st quarter of 2006	Practical impact on studied evolutions	Circumstances that favour the progress	Barriers on way of progress	Quantification of progress in the 1 st quarter of 2006	Sources used for assessment
Monitoring, evaluation and management of migration	<ul style="list-style-type: none"> Uncertain institutional situation of NBMi and postponed adoption of the National Action Plan on Migration and Asylum Policy; 	<ul style="list-style-type: none"> “Special” institutional interests within Government; 	<ul style="list-style-type: none"> Uncertainty of the process of cooperation in migration field; Lack of strategic tackling in the migration and asylum field; 	<ul style="list-style-type: none"> Clarification of future configuration of NBMi; 	Delayed efforts for an efficient monitoring and assessment of migration phenomenon;	0	European Commission, Parliament of the Republic of Moldova, MFAEI, NBMi, IOM, Winrock
	<ul style="list-style-type: none"> Participation of the Republic of Moldova in the AENEAS Programme; 	<ul style="list-style-type: none"> Authorities of Moldova, European Commission; 	<ul style="list-style-type: none"> Consolidation of capacities of implementation of policies on migration and asylum; 	<ul style="list-style-type: none"> Active interest of the European Commission and different actors in the Republic of Moldova; 			
Adjustment of legislation on migration to E.U. norms	<ul style="list-style-type: none"> Adoption of the law on ratification of the Strasbourg Convention; 	<ul style="list-style-type: none"> Authorities of Moldova, European Commission; 	<ul style="list-style-type: none"> Approach of the Republic of Moldova within the legal European framework on migration; 			+0.5	The same, except for IOM and Winrock
	<ul style="list-style-type: none"> Lack of progress in signing readmission agreements with E.U.; 	<ul style="list-style-type: none"> Authorities of Moldova and states concerned; 	<ul style="list-style-type: none"> Lack of progress in managing migration in E.U. member states; 				

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 UK Department for International Development. The concept of this project emerged 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.