



## **EXPERT-GRUP and ADEPT**

### *Authors:*

*Valeriu Prohntchi  
Alexandru Oprunenco*

*Igor Botan  
Iurie Gotisan*

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**European Union – Republic of Moldova Action Plan:  
Assessment of progress in  
*4th Quarter of 2006***

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**Note:** *The authors have drafted this report with goodwill and good intentions. The authors are solely responsible for statements and conclusions, which are not necessarily shared by the United Kingdom Department for International Development (DFID), Moldovan Government and other institutions mentioned in this report.*

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## **ABBREVIATIONS AND ACRONYMES**

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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;  
EC – European Commission;  
CEC – Central Election Commission;  
ECHR – European Court of Human Rights;  
CoE – Council of Europe;  
CIS – Commonwealth of Independent States;  
SCJ – Supreme Court of Justice;  
MIA – Ministry of Interior Affairs;  
MFAEI – Ministry of Foreign Affairs and European Integration;  
MID – Ministry of Information Development;  
IOM – International Organisation for Migration;  
OSCE – Organization for Security and Cooperation in Europe;  
EUMAP – European Union – Moldova Action Plan;  
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.

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## METHODOLOGY

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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 trimester.

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

-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 foreign 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 trimester 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 quantity of progress.

The Action Plan is a document formulated in 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 developers to monitor the evolution of the Plan remains open for debates and recommendations of the public in continuation.

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## SUMMARY

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### *Democratic institutions*

The human rights field has both progressed and regressed. The Parliament has ensured the fulfilment of some commitments toward the Council of Europe. It adopted some amendments on judiciary system, modified its own Regulation (many lawmakers boycotted the adoption process, describing the amendments as discriminatory and anti-democratic) and promoted a package of laws on local public administration reform. Certain sensitive fields have **stagnated or regressed**: amendments on status of judges were commented in a controversial manner; adoption and enforcement of some new laws were late. The number of cases in which the European Court of Human Rights (ECHR) condemns Moldova continues to grow, there are cases of repeat sentencing for the same violations and this fact reveals that authorities do not take efficient measures to execute the ECHR judgments. Serious scandals were registered in the field of regulation and activity of mass media and they reduced much the positive effects of the adoption of the Broadcasting Code in July 2006.

### *Transnistrian conflict*

The Transnistrian problem was part of the agenda of the December 4-5 OSCE Ministerial Council, with the United States, the European Union, Romania, Bulgaria, Turkey, Latvia, etc., supporting Moldova's stance and call for the resumption of political negotiations. However, the OSCE summit did not adopt a final declaration or a regional statement on Moldova, as Russia did not warm the stance of the majority of OSCE states on Moldova. The OSCE chairman-in-office regretted in his final speech that year 2006 did not approach the perspective of settlement of the conflicts in Georgia and Moldova and they remain "frozen" because of the lack of a political will. The Moldovan-Russian relationship improved at a certain extent in the second half of 2006 due, among others, to the two meetings between President Vladimir Voronin and his Russian counterpart Vladimir Putin in August and November 2006. The Transnistrian side supported by Russian Federation has conditioned the restart of negotiations with the adoption of a "transition protocol", which should suspend the joint customs regime introduced at the Moldova-Ukraine border on March 3, 2006. The Moldovan delegation described this proposal as groundless.

### *Consolidation of administrative capacity*

Evolutions in the field of public administration reform were mainly related to adoption of a package of laws on local administration reform, actions that result from the action plan on implementation of commitments toward the Council of Europe: the new law on local public administration; the law on administrative decentralisation; the law on regional development; the law on modification of some legislative acts on public finances. The Parliament adopted the laws at the end of the year. Their implementation will be long. The maintenance and consolidation of the reform of the Chisinau municipality administration is an essential element of the reform. At the same time, a series of events revealed trends of involution. The report by the European Commission on Moldova's progress in the European Neighbourhood Policy reveals an increasing interference of the Government in business sector, a high corruption level, and these are major obstacles for economic development.

### *Justice*

More confidence of population toward justice and law bodies is the main development in this field. The number of cases examined by courts, including by the Supreme Court of Justice, has grown. The Parliament continued to modify some laws on status of magistrates and judicial organisation. The Government had to debate the problem of execution of judgments, given an acute situation in this area and a high number of unexecuted judgments (accordingly to some data, about 50 percent of executory documents are not executed). The July 2006 reform was not effective: promotion and appointment of judges did not become a consolidated prerogative of the Superior Council of Magistracy (SCM), political influence persists, transparency is not ensured.

## ***Development. Economic and social reforms***

Poverty reduction was not an important element of governmental rhetoric in the 4<sup>th</sup> quarter and no essential measures were taken to reduce poverty. Some indicators reveal that the incidence of this phenomenon grew in rural areas in the 4<sup>th</sup> quarter, too. The agricultural stagnation and impossibility to export agricultural products to Russia had the biggest influence on poverty. Another negative influence came from wine industry, which started suffering an acute recession after Russia has restricted the Moldovan wines. Very important events were registered in relations with international financial institutions. The good relations with the International Monetary Fund and the World Bank strengthened. Multilateral and bilateral financiers along with the European Commission posted support for medium-term development programmes of Moldova and signalled that they could grant a financial aid worth over 1.2 billion dollars overall to sustain development goals.

## ***International trade***

Situation in foreign trade of Moldova continued to degrade both in quantity and quality terms in the 4<sup>th</sup> quarter of 2006. The deficit of trade balance of Moldova reached roughly 1.44 billion dollars in 11 months of 2006, by about 37 percent more than in the similar period of 2005. Positive signals given by Moldova-Russia negotiations on resumption of Moldovan exports to Russia have at least improved the image between the sides. Some evolutions achieved in bilateral dialogue at the end of 2006 confirm the trends of extension of Moldovan-Russian relations. Notably, experts of the Russian Service Rossel'hoznadzor inspected some Moldovan meat processing enterprises to identify companies "which respect all sanitary-veterinary requirements" for resumption of meat and sausage exports to Russia. The Ministry of Economy and Commerce (MEC) jointly with the Moldova-Vin Agro-Industrial Agency established the conditions for organisation of Moldovan wine exports and spirits imports via "one-stop-shops". Exports to the European Union and Central and East Europe continued to grow in the 4<sup>th</sup> quarter of 2006. For example, Moldova's exports to the E.U. rose by 11.2 percent, compared with January-November 2005, while deliveries to Central and East Europe increased by 39.2 percent.

## ***Business climate***

Business climate in Moldova worsened in 2006 (Business Climate 2007 Report by WB). According to the report, Moldova retrograded from the 88<sup>th</sup> place in 2005 down to the 103<sup>rd</sup> place in 2006. The retrograding in the WB ranking was firstly linked to a faster progress of other countries. The building authorisations and licensing still are the most problematic fields in Moldovan business environment. Stagnation of reforms in these fields was not compensated by progresses in other areas such as reduction of income tax for companies or facilitation of customs procedures. The Government has approved and delivered to the Parliament a draft law on limited societies. This law should be adopted to regulate better the activity of limited societies and to readjust the legislative framework to European norms. The National Agency for the Protection of Competition was not created in 2006 so far. This is a serious failure that affects much other performances in the field of business climate.

## ***Border control***

No important progresses were observed in the 4<sup>th</sup> quarter. In spite of the Priority Plan of the Ministry of Foreign Affairs and European Integration and the legislative plan of Moldovan Parliament, the Law on Border Guard Service was not adopted so far. The activity of the Border Assistance Mission continues to play a major role in improving the border management. Moldova and Ukraine have signed information exchange agreements on border control. These agreements stipulate among others: 1) customs services of Ukraine and Moldova agree to implement an automatic preliminary information exchange system for cargos that cross the common border; 2) border guard services of Moldova and Ukraine commit themselves to ensure a permanent information exchange at national, regional and unit levels; 3) all services will provide the necessary information to work out a Security Assessment of the Common Border, which would be presented every month at coordination sittings chaired by EUBAM.

## ***Combat of trafficking in human beings***

The trafficking in human beings was on the rise in the 4<sup>th</sup> quarter of 2006, with experts fearing that it is one of the most pressing problems of 2006. In addition, the phenomenon continues to produce huge gains to traffickers. According to statements by the centre for the combat of human trafficking (CCHT), there are more cases of human trafficking via some national (cultural, sport, etc.) delegations, which leave for manifestations abroad. At the same time, the

coordination of actions aimed to combat the human trafficking has improved due to an efficient cooperation between state structures and competent organisations. The Moldovan Interior Ministry and the U.S. Embassy in Chisinau negotiated the implementation of an assistance project for victims of human trafficking in 2007 and another planned project aims to protect witnesses.

## *Migration management*

The progress in this field was basically delayed by closure of the National Bureau for Migration. The institutional reconfiguration resulted from creation of the Bureau for Migration and Asylum in the Interior Ministry affected much Moldova's progresses in the process of implementation of EUMAP. It also affected one part of population that sought certain services of the National Bureau for Migration in the period concerned. However, the structure of the new bureau was definitively established and it took over many old activities. An important progress is the decision to finish the creation of an integrated information system to monitor migration under auspices of the MFAEI, which will allow various relevant state structures to exchange information and to work out relevant policies. MIA, MID, MEC, the Border Guard Service and other state bodies with relevant competences will benefit of this system above all. Many participating state structures hold their data systems, but they are not integrated and they are at different development levels. MFAEI worked hard to negotiate readmission and visa facilitation agreements with the E.U. In this respect, member states have agreed to empower officials of the European Commission to negotiate the facilitation of visa regime and signing of a readmission agreement. Also, the E.U. commissioner for justice, freedom and security, Franco Frattini, has backed a proposal to open a Joint E.U. Visa Issuance Centre. The need of this centre has grown after Romania joined the E.U. (many E.U. consulates are based in Bucharest).

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## 1. DEMOCRATIC INSTITUTIONS

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### Human rights

**Sounding events** in the field are:

- The Government has adopted some normative acts: the decision approving the framework regulation on organisation and functioning of the centre for the assistance and protection of victims of human trafficking; the decision approving the regulation on activity of human rights coordinator (it recommends the appointment of some coordinators in every central and local authority); the decision approving the 2007-10 action plan on support of the Roma in Moldova;
- Authorities have turned down some applications seeking authorisation of public manifestations;<sup>1</sup> it means that some of the condemned practices still exist;
- Religious conflicts (between the Metropolitan Church of Bessarabia and the Metropolitan Church of Moldova) continued;
- Ombudsmen have appealed to competent institutions over violation of some rights of citizens: the right to social protection; freedom of opinion and expression;
- Relevant organisations (the bar, organisations of pacifists)<sup>2</sup> have described some actions of authorities as abusive;
- A number of laws, normative acts and actions stipulated by the National Action Plan on Human Rights have not been drafted and adopted: concerning civil responsibility insurance of medical staff; on private medicine, modification of Article 32 (3) of Constitution; on ensuring free legal assistance by state; introduction of social indemnities on basis of incomes of population and minimum of existence; introduction of the „quota taxation” system; attestation of all categories of specialists on basis of „human rights” criterion.

### Cooperation with civil society

Continued implementation of the concept on cooperation between Parliament and civil society, outlining of new mechanisms of cooperation (with parliamentary commissions, given proposals of civil society) are the **developments** in this area.

Events that **reduce much the uprightness of governance and the impact of cooperation**:

- The Government has started modifying the law on public associations without a preliminary consultations with these organisations and unfairly;
- A group of mass media organisations have publicly boycotted the Conference Cooperation between Moldovan Parliament and Civil Society as a sign of protest against abuses committed by authorities in the process of implementation of the new Broadcasting Code (case of Antena C and Euro TV channels);
- The Prosecutor-General’s Office has issued a circular to territorial and specialised prosecutors, indicating the need of an urgent control on activity of public associations participating in organisation of mass activities, “legality of their functioning” and financed, in order to prevent the “destabilisation of social-political situation”. Although the indications were not massively implemented, NGOs described the interventions of the Prosecutor’s Office as abusive, contrary to the role of the Prosecutor’s Office and its competences within state bodies;
- The final draft law on decision-making transparency approved by Government is not made available to public; its presentation in Parliament is obstructed without plausible reasons.

### Prevention of torture. Rights of inmates

**Evolutions:**

- Experts recommended, at the November conference on implementation of the Optional Protocol to the U.N. Convention against Torture and Other Cruel, Inhuman or Degrading Treatment, the creation of a competent committee to inspect ad-hoc prisons and detention facilities (anti-torture committee);
- Moldova’s representative to the U.N. has assured that the provisions of the International Convention on the Elimination of Racism and Racial Discrimination are successfully implemented in Moldova, rights of minorities are protected, functioning of languages is ensured<sup>3</sup>;
- The Complaint Committee has reported that prisons in Moldova register very few cases when convicts are tortured and such practices are used more in detention facilities of police departments during preliminary investigations. According to representatives of the committee, most of appeals from detainees express disagreement with judgements and detention conditions;
- The Justice Ministry issues orders approving the regulation on mode of presentation of very ill convicts for release and approving the regulation on medical assistance for detainees (published in the issue 199-202 of Monitorul Oficial from 29.12.2006);

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<sup>1</sup> Appeal by the Social Liberal Party; appeal by Amnesty International Moldova.

<sup>2</sup> News conference of the International Association of Pacifists Pacifism Without Borders; Statement by the Bar from 20.11.2006;

<sup>3</sup> Debates on elimination of racism and racial discrimination held by the 3<sup>rd</sup> Commission of the U.N. General Assembly on November 7, 2006;

- Fewer detainees will stay in a cell after reconstruction of the Rusca-based penitentiary for women, with the administration respecting this way the Execution Code and European standards in the area<sup>4</sup>;
- The information campaign held by Department of Penitentiaries, NGOs, with the support of UNDP-Moldova in prisons continued.

### **Regress / Stagnation:**

- According to representatives of the Public Association Lawyers for Human Rights, the European Court for Human Rights (ECHR) mostly sentences Moldova for torture and violation of the right to a fair trial. The ECHR describes the bad conditions in prisons as torture;
- The ECHR has decided to examine urgently an application by citizen Vitalie Colibaba against Moldovan Government, with the applicant saying that policemen from the Buiucani police department in Chisinau<sup>5</sup> had tortured him. The lawyer of Colibaba has told a news conference that by torturing him, the policemen tried to make the victim admit a theft that he did not committed. Although the lawyer has asked the Prosecutor-General's Office to investigate the case of torture, his appeal was turned down. The Prosecutor-General's Office has sent a letter to the Bar of Moldova after the lawyer and the victim had appealed to the ECHR, with attorneys describing it as an attempt of intimidation;
- The parliamentary majority has turned down an appeal by some opposition lawmakers who sought the creation of a special parliamentary commission to examine abuses of police bodies. The developers indicated some flagrant breaches such as violation of secret of correspondence, punishment of innocent persons, torture and degrading treatments, etc. The refusal to create the commission was explained through the need of a systemic approach of problems by avoiding the involvement of parliamentarians in concrete cases that other competent institutions are capable to study;
- According to data of the Department of Penitentiaries, only 40 percent of all former detainees get employed and many of them return to prisons. Convicts become homeless, while their job applications are turned down because of criminal records.
- Some media institutions have reported that policemen had ill-treated innocent minors, while decisions on their punishment are late<sup>6</sup>. According to reports, the minors were ill-treated with a couple of days after the territorial police department has held a seminar on negative effects of the torture and need to prevent such methods during investigations, and a guilty policeman has also attended it.

### **Fulfilment of CoE recommendations / Execution of ECHR judgments**

Certain **progress** was observed:

- The Parliament implemented some measures stipulated by action programme (PD # 284-XVI from 11.11.2005):
  - it adopted some amendments on justice system;
  - modified its Regulation (several parliamentarians boycotted the adoption process, describing the amendments as discriminatory and anti-democratic);
  - adopted a package of laws on local public administration reform (the documents were not discussed enough with representatives of local public administration, the need of a new law is doubtful);
  - did not elucidate the causes of penal cases filed against opposition leaders at national and local levels, did not tackled the dismissal of the Comrat city mayor.
- PACE rapporteurs welcomed the actions taken to meet recommendations, resolutions and commitments toward CoE, but signalled the need of a good enforcement of the adopted laws, saying that the withdrawal of the monitoring<sup>7</sup> could be discussed only after all problems are resolved.

**Stagnation or regress** is:

- Amendments on status of judges are controversially commented. There are opinions that the independence of judges is lower, not stronger;
- New laws are not adopted and enforced: concerning religious denominations; political parties; status of the Chisinau municipality; reform of security services; Education Code; consolidation of parliamentary immunity; revision of competences of the Prosecutor's Office;
- Number of ECHR sentences against Moldova grows in continuation (the Court has accepted more than 200 causes for examination), there are repeat sentences for the same violations (it means that authorities did not take efficient measures to execute the ECHR judgments);
- The report by the European Commission on implementation of the E.U.-Moldova Action Plan raises concern with "the extended competence of the Prosecutor-General's Office and violation of ECHR judgments"<sup>8</sup>.

<sup>4</sup> Communication by Department of Penitentiaries.

<sup>5</sup> Communication by Infotag news agency from 30.10.2006.

<sup>6</sup> The October 26, 2006 issue of the daily Timpul, the December 8, 2006 issue of the newspaper Moldavskye Vedomosti.

<sup>7</sup> News conference held by PACE corapporteur Egidijus Vareikis after the November 13-15, 2006 visit.

<sup>8</sup> Progress report within ENP (Moldova) from 04.12.2006.

## Equalling chances

The **main events** in the field were:

- The opening of a regional assistance centre for women (in the town of Soroca), with the support of USAID;
- Conferences and training seminars on combat of domestic violence, discussion of aspects regarding improvement of a draft law in the field;
- The presentation of findings of some surveys on equal genders, which reveal that women are discriminated and disadvantaged<sup>9</sup>.

## Ensuring rights to association

The **progress** is due to:

- tries of two unionist confederations to start merging<sup>10</sup>;
- congresses of parties, appearance of new parties (registered or undergoing legal registration);
- the Ministry of Justice launched a hotline with the support of UNDP to inform free of charge about registration of NGOs;
- Continued international cooperation and affiliation of parties, deepening of collaborations.

A number of actions may be regarded as **regresses** in the area:

- Representatives of some political parties claim that authorities file ordered penal cases against them in order to intimidate them, persecute them for criticising the governance<sup>11</sup>. Statements in this respect were delivered by representatives of the Social Democratic Party of Moldova and the Centrist Union of Moldova (in connection with arrest of party leader Eduard Musuc), of the Labour Union Patria Rodina (regarding accusations against Gheorghe Sima);
- New political parties face difficulties to get registered with the Ministry of Justice, with their representatives describing the actions of competent functionaries as abusive and aimed at intimidation<sup>12</sup>;
- The Metropolitan Church of Moldova has accused the Metropolitan Church of Bessarabia of dividing and splitting the church in connection with conflicts related to promotion of some clerks of the Moldovan Church<sup>13</sup>.

## Rights of workers

**Important developments** in the field are:

- According to communications released by the Ministry of Economy and Commerce, more than 17,000 new jobs were created in January-October 2006, while salaries of budgetary workers have grown by 20-80 percent;
- The Confederation of Trade Unions of Moldova (CTUM) jointly with sectoral unionist centres have tabled a number of proposals to the Parliament regarding the draft state budget law for 2007, fearing that this document will not cover the needs of some branches of national economy for a clear social-economic growth. CTUM asked the Parliament to tackle a number of important problems for workers from national economy. Agricultural unions have sought the rise of salaries of farmers up to 1,200 lei, during negotiation of the 2007-08 collective convention;
- The Labour Inspection was reorganised, so that several territorial subdivisions were amalgamated, budgetary allocations were lowered and some functions were suppressed;
- Same labour violations are registered (absence of labour contracts, unpaid salaries, over-time work);
- The Convention # 152 of the International Organisation for Migration on labour security and hygiene in harbour operations was ratified;
- Members of the association of the blind have protested against a 50-percent cut of staffs of enterprises of the blind (more than 400 workers). According to data of the employment agency, about 300 jobs (including 120 jobs of the association of the blind) closed in the district of Basarabasca alone in 2006 and only 40 new jobs opened;
- Independent studies confirm that the unbalance on labour market (high number of persons with higher education versus shortage of qualified workers) is produced by lack of a state policy on professional orientation of youths, accordingly to requirements of labour market<sup>14</sup>;
- According to data of competent education bodies, about half of pre-school teachers quit their jobs after two months of work due to low salaries and financial problems.

<sup>9</sup> 2006 national human development report (UNDP, Expert-Grup, ADEPT); 2006 Gender Barometer Republic of Moldova (Partnership for Development Centre); Report within the project New Perspectives for Women worked out by Winrock International; Demographic and Health Study (Ministry of Health, USAID, UNICEF, UNFPA).

<sup>10</sup> CTUM has appealed to Moldovan president to mediate the process (Moldpres, 24.11.2006).

<sup>11</sup> Press releases by political parties.

<sup>12</sup> Refusal to register the European Action Movement and delivery of some materials to the Prosecutor's Office.

<sup>13</sup> Communication by BASA-press news agency.

<sup>14</sup> Researches on labour market and professional formation by experts of IDIS Viitorul.

## ***Freedom of mass media and access to information***

The events registered in the last three months of 2006 reveal that the field **stagnates** or suffers a **serious regress**:

- According to the 2006 Press Freedom Index by the organisation Reporters without Borders, Moldova is ranked the 85<sup>th</sup> place among 168 states of the world<sup>15</sup> concerning press freedom. Moldova was ranked the 74<sup>th</sup> place in the 2005 index and the 78<sup>th</sup> spot in 2004;
- E.U. ambassadors to Moldova, OSCE, CoE representative, the European Commission Delegation, the U.S. and British Embassies have raised concern with implementation of the Broadcasting Code<sup>16</sup>;
- The ad-interim mayor-general was indignant, at an operative sitting of the Chisinau City Hall (on October 9, 2006) that the municipal mass media does not cover all activities of local authorities, but „dares to make politics<sup>17</sup>;
- The Independent Press Association (IPA) and the Independent Journalism Centre (IJC) released a statement on October 12, 2006, raising concern with the violation of press freedom signalled by editorial staff of Ziarul de Garda and robbery on publication Jurnal de Chisinau. The South East European Media Organisation (SEEMO) was alarmed with pressures on journalists from the Chisinau-based weekly Ziarul de Garda;
- IJC released a communication on October 13, 2006, raising concern with election of members of the electronic media watchdog CCA, but most of proposals of media organisations were ignored so far<sup>18</sup>;
- Representatives of the Parliament did not attend the conference State and Mass Media (on November 7-8, 2006) held by NGOs, Moldovan Government and Council of Europe, though the conference tackled the legislative framework in the field. CoE representatives recommended the creation of an institution to protect the rights of Moldovan journalists;
- New CCA members have begun their work with a scandal, with the CCA administration being accused of delivering political statements and comments (statement by Deputy Anatol Taranu, the November 2, 2006 sitting of the Parliament);
- CCA representatives have participated in a sitting of the TeleRadio-Moldova Company, establishing that the company is not administrating public funds transparently, employees and administration do not communicate and discuss, recommending the broadcaster to examine and resolve these problems;
- The process of reorganisation and sale of the Antena C and Euro TV channels, dismissal of directors of these channels, abuses and the non-transparent process produced protests of employees, critical attitudes of parliamentary and extra-parliamentary opposition, opposition municipal councillors, critical attitudes of NGOs, some international institutions<sup>19</sup>;
- Selected journalists were invited at a briefing convoked by presidency on November 29, 2006 (after Moldovan president has attended the CIS summit), (with the news agency Infotag saying that official and presidential mass media only was accepted). Reports on “cutting” media representatives were also invoked within relations with municipal authorities<sup>20</sup>;
- An employee of the TV channel PRO TV Chisinau, who was earlier exculpated in connection with corruption cases, was indicted again at the insistence of the Interior Ministry and the Prosecutor-General's Office. Earlier, various publications including former governmental newspapers denigrated managers of this channel.

<sup>15</sup> [http://www.rsf.org/article.php3?id\\_article=19384](http://www.rsf.org/article.php3?id_article=19384).

<sup>16</sup> Joint statement from 15.12.2006.

<sup>17</sup> Communication by Info-Prim Neo news agency.

<sup>18</sup> Records of the parliamentary sittings from October 19-20, 2006.

<sup>19</sup> Communications by PSDM, AMN; statements by IPA and IJC (from 07.12.2006), statement signed by 8 media NGOs (IPA, IJC, Acces-Info, Media Impact Agency, Young Journalist Centre, Moldovan Journalists Union, Press Freedom Committee), statement by the Union of Cultural Unions; Communication by the OSCE Mission (from 18.12.2006).

<sup>20</sup> Communication by Info-Prim Neo news agency from 04.12.2006.

**Monitoring grid 1. Democratic institutions**

Indicators / Fields	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Stability and efficiency of democratic institutions</b>	<ul style="list-style-type: none"> <li>Stability of public institutions persists;</li> </ul>	<ul style="list-style-type: none"> <li>Existence of consolidated parliamentary majority, cooperation and beforehand coordination of actions between legislature and executive;</li> <li>Control of parliamentary majority and Presidency on Government, security and law bodies;</li> <li>Foreign assistance;</li> </ul>	<ul style="list-style-type: none"> <li>Approval of some foreign financial assistance programmes, maintenance of political support;</li> <li>Maintenance of partnership relations with international institutions and states with a global weight at a high level;</li> <li>Possibilities to implement programmes cogently;</li> <li>Confidence of electors in parties is on the decline;</li> </ul>	<ul style="list-style-type: none"> <li>Lack of antagonisms between branches of the power and cooperation between majority of parliamentary parties;</li> <li>Partial restoration of relations with the Russian Federation;</li> </ul>	<ul style="list-style-type: none"> <li>Obstacles for exportation of products to eastern markets;</li> <li>Stagnation and worsening of situation concerning settlement of the Transnistrian conflict;</li> </ul>	+1	<ul style="list-style-type: none"> <li>Mass media;</li> <li>Activity of public institutions;</li> <li>Estimates by authors;</li> </ul>
	<ul style="list-style-type: none"> <li>There are cases capable to affect activity of NGOs;</li> <li>There are tries to modify legislation in the field without a sufficient preliminary consulting;</li> </ul>	<ul style="list-style-type: none"> <li>Desire to extend control on the "third sector";</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation between Parliament and NGOs continues;</li> <li>Artificial obstacles are created for registration or modification of statuses of NGOs;</li> <li>Tries of Prosecutor's Office to control activity develop into intimidation and protests of some more active NGOs;</li> <li>NGOs accuse governance of mimicking cooperation;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign assistance for NGOs;</li> <li>Strengthening of capacities of experienced NGOs;</li> <li>Cooperation between Parliament and civil society;</li> </ul>	<ul style="list-style-type: none"> <li>Abusive interventions of authorities;</li> <li>Limited financial resources;</li> <li>Slow progress of cooperation between executive and local bodies and NGOs;</li> <li>Stagnation of the process of promotion of the law on decision-making transparency;</li> </ul>	-1	<ul style="list-style-type: none"> <li>Statements by NGOs;</li> <li>Mass media;</li> </ul>
	<ul style="list-style-type: none"> <li>Freedom of association into political parties is restricted;</li> </ul>	<ul style="list-style-type: none"> <li>Limitation of political competition through administrative methods;</li> </ul>	<ul style="list-style-type: none"> <li>Persecutions of political leaders are invoked in continuation, party leaders are arrested, penal cases are filed or develop against them;</li> <li>Confidence of electors in parties is on the decline;</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation and international association of parties;</li> </ul>	<ul style="list-style-type: none"> <li>Intolerance toward criticism of extra-parliamentary opposition forces;</li> <li>Tries to annihilate political forces capable to obtain success at the 2007 general local elections;</li> </ul>	-0.5	<ul style="list-style-type: none"> <li>Statements by political parties;</li> <li>Mass media;</li> <li>Findings of monitoring on parties;</li> </ul>
<b>CoE recommendations / Respect for ECHR judgments</b>	<ul style="list-style-type: none"> <li>Improvement of electoral practices;</li> <li>Implementation of some actions resulted from CoE recommendations;</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the Action Plan in the area;</li> <li>CoE monitoring;</li> <li>Rise of the number of applications accepted by ECHR;</li> <li>Activity of lawyers and competent NGOs;</li> </ul>	<ul style="list-style-type: none"> <li>Regional elections in ATU Gagauzia took place under better conditions than earlier;</li> <li>The Parliament adopted some legislative acts aimed to meet recommendations;</li> <li>Authorities pay more attention to respect for the rights guaranteed by European Convention;</li> <li>Laws on parties and religious denominations are not modified;</li> <li>The integrated history course is implemented in spite of protests and many errors from textbooks;</li> </ul>	<ul style="list-style-type: none"> <li>Periodical assessment visits of CoE corapporteurs;</li> <li>Interventions of opposition;</li> <li>Frequent sentences by ECHR;</li> </ul>	<ul style="list-style-type: none"> <li>Regional election legislation is imperfect;</li> <li>Violations and abuses in the electoral propaganda process;</li> <li>Lack of efficient measures to sanction abuses that made the ECHR sentence Moldova;</li> <li>Continued examination of some cases in which the ECHR has already signalled abuses;</li> <li>Inefficient activity in the field of adoption of adequate laws;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Reports on monitoring of elections in ATU Gagauzia;</li> <li>Records of parliamentary sittings;</li> <li>Report on visit of CoE rapporteurs;</li> <li>ECHR judgments;</li> <li>Mass media;</li> </ul>

Indicators / Fields	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Guaranteeing human rights and fundamental freedoms</b> / <b>Equalling chances</b>	<ul style="list-style-type: none"> <li>Essential evolutions are not observed;</li> <li>Certain fundamental rights are violated in continuation;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign monitoring;</li> <li>Action Plan in the field;</li> </ul>	<ul style="list-style-type: none"> <li>The Government adopted several normative acts in the area;</li> <li>Religious conflicts persist;</li> <li>Attempts to intimidate attorneys and representatives of competent NGOs;</li> <li>The action plan in the area is not plenary implemented;</li> </ul>	<ul style="list-style-type: none"> <li>Activity of relevant NGOs;</li> <li>Activity of ombudsmen;</li> <li>Foreign assistance;</li> </ul>	<ul style="list-style-type: none"> <li>Passive attitude of authorities or attempts to limit protests;</li> <li>Insufficient allocations, orientation of funds to non-primordial fields, which may be used as an electoral capital;</li> <li>Formal attitude of authorities toward appeals of NGOs, ombudsmen;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Mass media;</li> <li>Communications by political parties, NGOs;</li> <li>Communication on activity of ombudsmen;</li> </ul>
	<ul style="list-style-type: none"> <li>Findings of surveys and independent researches in the field reveal persistence of discriminations and violation of gender equality;</li> <li>A regional assistance centre opens;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Women still face moral, material, administrative disadvantages in labour relations, families;</li> <li>Assistance for victims is increased;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign assistance;</li> <li>Existence of a special law in the area;</li> <li>Activity of NGOs;</li> </ul>	<ul style="list-style-type: none"> <li>Lack of some efficient mechanisms to implement gender equality principles;</li> <li>Lack of a law against domestic violence;</li> <li>Concrete penal or contraventional responsibility for discrimination is not established;</li> <li>Lack of special programmes in the field, with adequate financial assistance;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Mass media;</li> <li>Surveys in the field;</li> </ul>
<b>Prevention of torture and degrading treatments / Rights of inmates</b>	<ul style="list-style-type: none"> <li>Authorities raise concern with situation in the field, declare respect for related international acts;</li> <li>Appeals seeking parliamentary inquiries are turned down;</li> <li>Torture and inhuman treatments are registered in continuation;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign monitoring;</li> <li>UEMAP;</li> <li>Action plan on human rights;</li> <li>ECHR judgments;</li> </ul>	<ul style="list-style-type: none"> <li>Number of cases when people are tortured decreased, there are few cases of this kind in prisons under shape of violent actions;</li> <li>ECHR sentences authorities for inappropriate preventive detention conditions;</li> <li>Many cases are not elucidated, victims cannot protect their rights;</li> <li>Some normative acts are adopted;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Hidden cases of torture;</li> <li>Tolerance of abusive behaviour of law bodies;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Mass media;</li> <li>Information on activity of the Complaint Committee;</li> <li>Information on activity of ombudsmen;</li> </ul>
	<ul style="list-style-type: none"> <li>The Complaint Committee and ombudsmen monitor the situation of inmates;</li> <li>Information campaigns for detainees continue;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign monitoring;</li> </ul>	<ul style="list-style-type: none"> <li>Conditions in some prisons improve;</li> <li>Social integration of inmates remains problematical;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign assistance;</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient funds;</li> <li>Conditions in prisons;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Mass media;</li> <li>Information on activity of the Complaint Committee;</li> </ul>
<b>Respect for rights of workers</b>	<ul style="list-style-type: none"> <li>Rights of workers are violated;</li> <li>Breaches of labour legislation persist;</li> <li>According to some data, the number of jobs has grown, but the number of closed jobs is unknown;</li> </ul>	<ul style="list-style-type: none"> <li>Paces of economic growth slow down;</li> <li>Migration of labour force;</li> </ul>	<ul style="list-style-type: none"> <li>Rise of salaries of budgetary workers is stopped, implementation of the law on remuneration of budgetary employees is faulty, it is modified;</li> <li>Salaries are not correlated with minimum consumption basket;</li> <li>The Labour Inspection is reorganised;</li> <li>Many (blind) workers are fired;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Social-economic situation;</li> <li>Low salaries in agriculture, education sectors;</li> <li>Taxes still are high (especially social taxes);</li> <li>Lack of a coherent state policy;</li> <li>Insufficient simulation of workers;</li> </ul>	-1	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Mass media;</li> <li>Statistics;</li> <li>Records of parliamentary sittings;</li> </ul>

Indicators / Fields	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
Freedom of mass media / Access to information	<ul style="list-style-type: none"> <li>Implementation of the Broadcasting Code discovers shortcomings of this reform;</li> <li>Mass media institutions and their representatives are intimidated in continuation;</li> <li>TeleRadio-Moldova Company is not really reformed;</li> <li>The privatised mass media continues to favour the Government's activity, arguing with publications that criticise the governance;</li> <li>Mass media institutions and their representatives faced abusive interventions (robbery, penal cases, intimidations, tries to corrupt them);</li> </ul>	<ul style="list-style-type: none"> <li>Broadcasting Code;</li> <li>Interests of the ruling elite to keep controlling the printed and electronic mass media;</li> </ul>	<ul style="list-style-type: none"> <li>CCA and the Board of Observers of TeleRadio-Moldova were created on basis of political preferences, some members were accused of political partisanship;</li> <li>The process of sale of Antena C and Euro TV channels is unfair, interests of some political forces to control these institutions are disclosed;</li> <li>Press freedom index worsens;</li> <li>Censorship is observed;</li> <li>Public mass media does not adequately cover the activity of the opposition;</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of international institutions, competent domestic and foreign organisations;</li> </ul>	<ul style="list-style-type: none"> <li>Government's control on public mass media;</li> <li>Imperfect legislation in the field;</li> <li>Shortage of resources for functioning of some independent mass media institutions;</li> <li>Legislation on mass media is not updated;</li> </ul>	-2	<ul style="list-style-type: none"> <li>Mass media;</li> <li>2006 Press Freedom Index;</li> <li>Communications and statements by media outlets, international organisations and diplomatic missions and political parties;</li> <li>Web resources;</li> <li>Estimates by authors;</li> </ul>
	<ul style="list-style-type: none"> <li>Access to public information remains difficult;</li> <li>Information about activity of public institutions is limited;</li> <li>Parliament continues to publish draft legislative acts and to broadcast live the plenary sittings;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>There are attempts to stop broadcasting live the plenary sittings;</li> <li>Judgments on access to information are unfairly executed, trials on this issue are long;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Faulty implementation of decisions on websites of public institutions;</li> <li>Few competences of functionaries in charge with relations with mass media;</li> <li>Access to legal information is limited due to high costs;</li> </ul>	0	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Mass media;</li> <li>Web resources;</li> </ul>

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## **2. TRANSNISTRIAN CONFLICT**

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### ***Five-plus-two political negotiations***

The Moldova-Russia relations improved a little in the second half of 2006 due, among others, to two meetings between President Vladimir Voronin and his Russian counterpart in August and November 2006, a meeting between Moldovan Foreign Minister Andrei Stratan and his Russian counterpart Sergey Lavrov in October, as well as to agreements on export of Moldovan wines to Russia and gas price for Moldova. Moldovan and Russian high-ranking officials have said more than once that this activation of relations would boost the Transnistrian settlement process. Ukrainian and Russian presidents met in Kiev in December 2006 and expressed optimism over perspectives of the Transnistrian settlement process. However, the tries to restart the five-plus-two negotiations have failed. Instead, the Russian Federation continued to offer openly a political, economic and social support to Transnistrian authorities.

The Transnistrian side supported by Russian Federation conditioned, at the October 17-18 Odessa consultations, its participation in negotiations with the adoption of a "transition protocol", which should suspend for a definite period the joint customs regime introduced at the Moldova-Ukraine border on March 3, 2006. The Moldovan delegation regarded this proposal as groundless and, therefore, the Odessa consultations failed.

The Transnistrian problem was part of the agenda of the December 4-5 OSCE Ministerial Council, at which the United States, the E.U., Romania, Bulgaria, Turkey, Latvia, etc. backed Moldova's stance and call for the resumption of political negotiations. However, the OSCE summit did not adopt a final declaration or a regional statement on Moldova, as Russia did not warm the stance of the majority of OSCE member states regarding Moldova. The OSCE chairman-in-office in 2006, Belgian Foreign Minister Karel de Gucht has regretted in his final speech that year 2006 did not approach the perspective of settlement of the conflicts in Georgia and Moldova, with the conflicts remaining "frozen" because of the lack of a political will.

Minister of Foreign Affairs and European Integration Andrei Stratan has met with U.S. Secretary of State Condoleezza Rice in Washington, with the latter assuring that the U.S. will continue supporting Moldova's territorial reintegration efforts. "Moldova is a good friend of the U.S. We will help overpass difficulties on way of development of your state. A successful implementation of reforms will help achieving the European integration goal," the Ministry of Foreign Affairs and European Integration quoted Rice as saying.

### ***Cooperation between E.U. and Moldova***

The European Commission's report on implementation of the E.U.-Moldova Action Plan reveals a "certain progress" concerning the settlement of the Transnistrian conflict. According to the report, the greatest progress was achieved in the field of cooperation of Moldova within the E.U. Border Assistance Mission. It describes Moldova's participation in the five-plus-two negotiations as „constructive”.

### ***Diplomatic and political assistance of E.U.***

The European Parliament adopted a Resolution on Moldova (Transnistria) on October 26, condemning the try of Transnistrian authorities to unilaterally declare their independence by holding a so-called referendum, and urging the Russian Federation to honour the 1999 Istanbul commitments and to withdraw its troops and munitions from Moldova. The European forum does not recognise the "referendum" on independence of the Transnistrian region from Moldova, noting that it runs counter Moldova's sovereignty and territorial integrity. In addition, the members of the European Parliament invited the sides to resume the five-plus-two negotiations and to refrain from actions capable to worsen the situation.

The E.U. high representative for foreign and common security policy, Javier Solana, has said while on a visit to Ukraine that the standstill of the Transnistrian settlement negotiations produces sadness. At the same time, Solana noted that, accordingly to talks held in Kiev, Ukraine will not modify the customs regime implemented at the Moldovan-Ukrainian border.

Speaking on behalf of the E.U. Presidency, Finnish Foreign Minister Erkki Tuomioja reiterated the E.U. support for a sovereign and territorially integral Moldova at the December 4-5 OSCE Ministerial Council and called for the resumption of the five-plus-two negotiations in a move to agree on political, economic and security problems, including the problem of transformation of peacekeeping operation. At the same time, the E.U. regretted the lack of progress in the process of withdrawal of Russian troops and munitions from Moldova and urged Russia to unconditionally honour its commitments.

### ***Securing the Moldova-Ukraine border***

Odessa hosted the 5<sup>th</sup> meeting of the Consultative Council of the E.U. Border Assistance Mission (EUBAM) to Moldova and Ukraine on November 30. General Ferenz Banfi, EUBAM head, welcomed the results of the first year of work of the E.U. mission and cooperation between Moldova and Ukraine aimed at introducing an efficient control at the

Moldovan-Ukrainian border. He supported the need of continuing the mission with the participation of law structures from both states, in order to investigate offences discovered at the border, intensify the cooperation with E.U. agencies (FRONTEX, EUROPOL, etc.), cooperate on migration matters and launch a public information campaign on anti-corruption struggle.

President Vladimir Voronin has met with the E.U. special representative for Moldova, Adriaan Jacobovits de Szeged, and discussed the efficiency of EUBAM, which consolidated the security in the Transnistrian section of the Moldova-Ukraine border in one year. President Voronin called for the extension of the mandate, which expires next autumn.

Moldova and Ukraine signed an agreement on exchange of information about crossing of cargo and persons over the Moldovan-Ukrainian border, in Brussels on November 21. The agreement was signed after an E.U.-Moldova-Ukraine trilateral meeting on border matters and cooperation between the two states and EUBAM. Under the agreement, the Moldovan and Ukrainian border guard services will exchange information at national, regional and unit levels and monthly reports on assessment of border security will be worked out on its basis and will be presented at monthly coordination sittings of EUBAM. The European commissioner for external policy and European neighbourhood policy, Benita Ferrero-Waldner, attended the signing ceremony and saluted the signing of the Moldovan-Ukrainian agreement, describing it as a remarkable step toward ensuring a complete control and a transparent management of the Moldova-Ukraine border, including the Transnistrian section.

## Monitoring grid 2. Transnistrian conflict

Indicators / Fields	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Political negotiations (in five-plus-two format)</b>	<ul style="list-style-type: none"> <li>A new meeting between Voronin and Putin; „improvement” of Moldovan-Russian relations did not unblock negotiations;</li> <li>The October 17-18 Odessa consultations failed;</li> <li>The OSCE Summit did not adopt a declaration on Moldova;</li> <li>The U.S. secretary of state backed Moldova’s stance at the OSCE Summit;</li> </ul>	<ul style="list-style-type: none"> <li>Insistence of the Transnistrian side to obtain the signing of the “transit protocol”, Russia’s support;</li> <li>The December 10 “presidential” elections in Transnistria;</li> <li>Radicalisation of Russia’s stance on “frozen conflicts”;</li> </ul>	<ul style="list-style-type: none"> <li>Interruption of political negotiations for an indefinite period;</li> <li>Compromising of Russia’s quality of mediator and implicitly of the five-plus-two format;</li> <li>Compromised capacity of the OSCE to help settle the frozen conflicts;</li> </ul>	<ul style="list-style-type: none"> <li>Diplomatic mediation of U.S. and E.U. observers; more active participation of E.U. in settlement efforts;</li> </ul>	<ul style="list-style-type: none"> <li>Russia’s support for Transnistria; more active stance of Russia toward “frozen conflicts” in the former USSR; dysfunction of the five-plus-two format;</li> </ul>	0	<ul style="list-style-type: none"> <li>News agencies Infotag, Regnum.ru, Basa-press, Olvia-press, Novii Region;</li> </ul>
<b>E.U.-Moldova cooperation</b>	<ul style="list-style-type: none"> <li>The European Commission invoked a “certain progress” regarding implementation of the E.U.-Moldova Action Plan, Moldova’s participation in the five-plus-two negotiations is described as „constructive”;</li> <li>Communication with the E.U. special representative for Moldova continues;</li> </ul>	<ul style="list-style-type: none"> <li>European Neighbourhood Policy;</li> </ul>	<ul style="list-style-type: none"> <li>Diplomatic support of E.U. for settlement efforts;</li> </ul>	<ul style="list-style-type: none"> <li>Regulations of the Action Plan;</li> </ul>	<ul style="list-style-type: none"> <li>Limits of E.U. contribution to the Transnistrian settlement;</li> </ul>	+ 1	<ul style="list-style-type: none"> <li>Website of the E.U.;</li> </ul>
<b>Diplomatic and political assistance of E.U.</b>	<ul style="list-style-type: none"> <li>The European Parliament adopted a resolution on Moldova (Transnistria) on October 26;</li> <li>Javier Solana discussed the Transnistrian problem in Kiev;</li> <li>The E.U. Finnish Presidency called for the resumption of the Transnistrian settlement negotiations at the OSCE meeting;</li> </ul>	<ul style="list-style-type: none"> <li>European Neighbourhood Policy and regulations of EUMAP;</li> </ul>	<ul style="list-style-type: none"> <li>Political and diplomatic support of E.U. for Transnistrian settlement efforts; diplomatic mediation of E.U. for resumption of political negotiations;</li> </ul>	<ul style="list-style-type: none"> <li>Political commitments of E.U. within the Action Plan;</li> </ul>	<ul style="list-style-type: none"> <li>Limits of E.U. contribution to the Transnistrian settlement;</li> </ul>	+ 1	<ul style="list-style-type: none"> <li>Websites of the E.U., OSCE;</li> </ul>

Indicators / Fields	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Russia's Istanbul commitments</b>	<ul style="list-style-type: none"> <li>They were reiterated in all E.U. statements on Transnistrian problem;</li> </ul>	<ul style="list-style-type: none"> <li>E.U. stance on Russia's commitments;</li> </ul>	<ul style="list-style-type: none"> <li>Lack of progress regarding withdrawal of Russian troops and munitions;</li> </ul>	<ul style="list-style-type: none"> <li>Pressures of the U.S. and E.U. on Russia; transformation of the peacekeeping mission in Transnistria into an operation with international mandate;</li> </ul>	<ul style="list-style-type: none"> <li>Russia's geopolitical interests;</li> </ul>	0	<ul style="list-style-type: none"> <li>News agencies Infotag, Novii Region;</li> </ul>
<b>Securing the Moldovan-Ukrainian border</b>	<ul style="list-style-type: none"> <li>The first year of work of EUBAM was described as positive; President Voronin calls for the continuation of the mission after 2007;</li> <li>Moldovan and Ukrainian services signed an information exchange agreement in Brussels;</li> </ul>	<ul style="list-style-type: none"> <li>Provisions of EUMAP, cooperation between Moldova, Ukraine and EUBAM;</li> <li>E.U. mediation of the Moldova-Ukraine dialogue on border securing;</li> </ul>	<ul style="list-style-type: none"> <li>Border securing, combat of smuggling at the Moldova-Ukraine border, efficient border control;</li> </ul>	<ul style="list-style-type: none"> <li>Support of E.U. and U.S.;</li> <li>Cooperation of Ukrainian Government and its respect for the joint customs regime;</li> </ul>	<ul style="list-style-type: none"> <li>Political instability in Kiev and a possible kick of pro-European forces;</li> </ul>	+ 2	<ul style="list-style-type: none"> <li>News agencies Infotag, Regnum.ru, Basa-press, Olvia-press, Novii Region.</li> </ul>
<b>Participation of civil society</b>	<ul style="list-style-type: none"> <li>The Council of Europe organised the conference on democratisation and civil society in the Transnistrian region;</li> </ul>	<ul style="list-style-type: none"> <li>Interest of international community for democratisation of Transnistria;</li> </ul>	<ul style="list-style-type: none"> <li>Raising awareness of national and international public opinions;</li> </ul>	<ul style="list-style-type: none"> <li>Several international assistance programmes for democratisation of Transnistria;</li> </ul>	<ul style="list-style-type: none"> <li>Authoritarian regime in Transnistria;</li> </ul>	0	<ul style="list-style-type: none"> <li>Estimates by authors;</li> </ul>

### 3. CONSOLIDATION OF ADMINISTRATIVE CAPACITY

#### Administrative reform / Administrative efficiency

**Evolutions in the field of central public administration (CPA)** envisaged:

- The creation of a new ministry (of Social Protection, Family and Child), of an Agency for Assessment and Examination (a public authority subordinated to the Ministry of Education and Youth);
- The approval of some draft laws, decisions and concepts: the draft Conduct Code of public functionary; the concept of the internal control and audit system in public sector; the concept of the automatic information system called register of public functions and public functionaries, type-structure of the regulation on organisation and functioning of the central body of public administration; the national action plan on facilitation of visa regime with the E.U.<sup>21</sup>; decision on rules of drafting and joint requirements on political documents, and others;
- Creation of the website of CPA reform;
- Adoption of a decision on adjustment of Moldovan legislation to community legislation<sup>22</sup>;
- The number of public Internet clubs has significantly grown, the access per 100 residents rose from 6 percent (2005) up to 11.5 percent (2006), according to data of the competent agency<sup>23</sup>.

**Evolutions concerning local public administration (LPA) reform** are linked to adoption of a package of laws on reform in the field of administration, actions that result from the action plan on fulfilment of commitments toward CoE: the new law on local public administration; the law on administrative decentralisation; the law on regional development; the law on modification of some legislative acts on local public finances. The Parliament adopted the laws at the end of the year, but their implementation will be long. The maintenance and consolidation of the reform of the Chisinau municipality administration (creation of district councils and mayoralties) are an essential element of the reform.

**Stagnation and involutions** regarding reform and administrative efficiency:

- A study worked out with the support of UNDP Moldova indicates the need of improving the activity of the Moldovan Parliament in E.U.-Moldova relations, focussing on:
  - better political control on Government and better cooperation with the executive;
  - promotion of the legislation approximating process;
  - monitoring of implementation of adjusted legislation;
  - communication with the public.
- Moldova's president has criticised the Government for inefficiently coordinating the implementation of the E.U.-Moldova Action Plan, indicating particularly<sup>24</sup>:
  - the lack of an efficient cooperation between central authorities;
  - failure of commitments or their late fulfilment;
  - difficult fulfilment of commitments on reformation of justice and prosecutor's office;
  - lack of progress in obtaining the asymmetrical trade regime and a facilitated visa regime.
- Under the law on rectification of the 2006 budget, four million lei was withdrawn from implementation of the CPA reform strategy and national strategy on building the information society E-Moldova in connection with the end of the reorganisation procedures for 2007;
- the implementation of the information programme for educational institutions (SALT programme) is difficult, financing is insufficient, the installed computers are old, modern software is not used and adapted to subjects.

#### Depoliticising public administration

A study on functional analysis of administration of Moldovan Parliament worked out by UNDP-Moldova experts reveals **major problems of the parliamentary staff**, of them<sup>25</sup>:

- The need of supporting independence, professionalism, political impartiality of functionaries;
- The need of an apolitical chief in charge with strategic planning, management of resources, financial management;
- Formation of a sustained policy on management of human resources, establishing of basic principles on non-discriminated recruitment.

Many municipal councillors in Chisinau fear that the **central authorities intervene abusively** in activity of local authorities establish tasks and give indications that may be regarded as interferences in local autonomy<sup>26</sup>. At the same time, representatives of all factions in the Municipal Council criticise the staff policy of the acting administration of the Chisinau City Hall (poor cooperation between councillors and the city hall apparatus), **consider it politicised** and

<sup>21</sup> GD # 1306 from 13.11.2006.

<sup>22</sup> GD # 1345 from 24.11.2006.

<sup>23</sup> According to data of the National Regulatory Agency for Telecommunication and Informatics, [www.anrti.md](http://www.anrti.md).

<sup>24</sup> Communication by Moldpres released on December 21, 2006.

<sup>25</sup> Visit <http://www.parlament.md/download/studies>.

<sup>26</sup> Communications (15.11.2006); newspaper Timpul, 02.11.2006.

invoke cases that prove these statements (repeat dismissal of deputy mayor M.Furtuna and district praetors; promotion of some lobbyist interests of persons close to the state leadership; administrative maintenance of tariffs, etc.)<sup>27</sup>.

## **Interference of administrative and economic interests**

**Evolutions** in this area reduce to:

- According to the 2007 Index of Economic Freedom and due to the new methodological detail, Moldova has climbed two places (with an average of 59.5 percent), but it is still a country whose economy „mostly lacks freedom”<sup>28</sup>;
- The study Business Cost reveals a better entrepreneurial environment in Moldova, especially regarding registration, certification, reduction of clearance expenditure<sup>29</sup>;
- Adoption of the Government decision that approves the methodology of analysis of the impact of regulation and monitoring of efficiency of regulation act and the Government decision on actions aimed to improve the management of public funds (on basis of reports by the Chamber of Auditors).

**Involutions** are signalled by some events such as:

- The report of the European Commission regarding Moldova’s progress in the European Neighbourhood Policy reveals an increasing interference of the Government in business sector, and this is a major obstacle for economic development<sup>30</sup>;
- The report Doing Business 2007 indicates a worse rating of Moldova (it has descended from the 88<sup>th</sup> place down to the 103<sup>rd</sup> place)<sup>31</sup>;
- Profitableness of state-owned stock societies is on the permanent decline, it dropped from 26.4 percent (in 2005) down to 24 percent (in 2006);
- The Agency for the Protection of Competition is not created, the delay is not explained;
- The Constitutional Court decides that the Parliament has adopted an unconstitutional law, introducing new norms and worsening the situation of some economic agents that fall under incidence of the former legislation on activity of free economic zones<sup>32</sup>;
- A sitting of the Prosecutor’s Office College noticed the low exigency in ensuring the legality of the process of payment of customs duties for importation and exportation of goods, actions that destabilise the domestic market and have a negative impact on domestic producers<sup>33</sup>;
- A foreign company demanded more than 25 million U.S. dollars from Moldovan Government for harming the interests and violating the legal regulations in the process of privatisation of the stock society Moldova-Tur<sup>34</sup>;
- Importing economic agents consider that the enforcement of the decision of the Standardisation and Metrology Service concerning mandatory marking of products on packing of goods and exclusion of additional labels<sup>35</sup> is an abuse and fear that it will increase costs.

## **Stability of ruling policy**

**The evolutions** are:

- Foreign donors decide to give financing;
- The Economic Growth and Poverty Reduction Strategy Paper was extended for 2007 (GD # 1433 from 19.12.2006);
- The Government approves the 2006-15 *strategy on attracting investments and promoting exports, the 2006-10 development strategy of the State Tax Inspectorate; measures for accomplishment of goals regarding creation of 300,000 new jobs by 2009 and rise of the average monthly salary on economy up to 300 dollars; pace of execution of the National Programme Moldovan Village (2005-2015)*;
- The State Registration Chamber of Moldova continued to certify Transnistria-based economic agents;
- State budget revenues continued to exceed the quota estimated by the annual budget law, etc.

Following **involutions** were observed:

- Surveys reveal a decline of confidence for governance and main public institutions: Parliament, Presidency, Government<sup>36</sup>;
- The trade deficit continues to grow, inflation rate is high, production declines, investments are low, exports fall,

<sup>27</sup> Communications by Info-Prim Neo news agency (03.11.2006; 27.12.2006); newspaper Timpul from 06.11.2006, 08.11.2006; Communication by Moldpres from 28.11.2006.

<sup>28</sup> The ranking is worked out by Heritage Foundation and Wall Street Journal, [www.heritage.org](http://www.heritage.org).

<sup>29</sup> NGO International Development Alternatives worked out the study within the World Bank’s project Better Competitiveness.

<sup>30</sup> Work document, progress report within ENP (Moldova), 04.12.2006.

<sup>31</sup> Report by the World Bank and International Financial Corporation (IFC), visit [www.doingbusiness.org](http://www.doingbusiness.org).

<sup>32</sup> Decision # 20 by Constitutional Court from 30.11.2006 concerning control on constitutionality of some norms of the law on interpretation of legislative acts 245-XVI from October 20, 2005.

<sup>33</sup> Press release by Prosecutor’s Office, 17.11.2006.

<sup>34</sup> Communication by Infotag news agency.

<sup>35</sup> Under Decision # 2009-C by SSM from 03.11.2006, enforced on November 17, 2006 and postponed till January 1, 2007.

<sup>36</sup> Survey Barometer of Public Opinion (November 2006); Survey Social-Political Barometer by OMNIMAS (November 2006).

- economy was affected by external shocks<sup>37</sup>; risks are evaluated at medium share<sup>38</sup>;
- Maintenance of the decision annulling the entrepreneur's patent for a number of activities and insufficient information by competent state authorities, protests of patent holders;
- Complicated demographic condition, high number of persons who left for abroad, difficult conditions of education of children left temporarily by one or both parents<sup>39</sup>;
- New concepts of foreign and state policy of the state were drafted but not debated and adopted by the end of 2006 without any explanations.

## ***Uprightness and transparency of governance / Combat of corruption***

A series of events helped **enhancing transparency and credibility of governance**:

- The problem of modification of Constitution and suppression of guarantee from Article 46 on illicit gaining of estate was tackled under aspect of accordance with fundamental principles on human rights and Moldovan president did not warm this initiative, saying that it affects the right to private property and protection of private property, recommending public debates on this issue<sup>40</sup>;
- Following the elaboration of a preliminary action plan aimed at boosting uprightness of governance and combat corruption (approved in October 2006), Moldova received the first part of the assistance in the field and it will be able to benefit of large funds of the Millennium Challenge Account, which may be used for economic growth of the country;
- City Development Company and Moldovan Government signed the contract on privatisation of two fields in Chisinau in exchange for 127 million lei, one of the biggest privatisations in the past years. The company won the open contest and was satisfied with the conduct of the Government, which met the principles of transparency and legality;
- The Chisinau City Hall will organise monthly talks with journalists at the Press Hour;
- The Ministry of Economy and Commerce has invited information technologies companies to cooperate in elaborating a normative framework on electronic trade;
- The Government adopted a decision on state register of legal acts (which stipulates a free online access to legal acts from the register);
- The European Commission and ASDI decided to allocate 3.5 million euros for the implementation of a project against corruption and money laundering (MOLICO-Moldova project);
- Meetings and cooperation between authorities and the Anti-Corruption Alliance continued; the alliance assists the Centre for the Struggle Against Economic Crimes and Corruption, other participating authorities.

**Involutions** in the field are:

- Still low transparency of the Government and central and local public administration institutions;
- Attempts to limit transparency of parliamentary activity (tries of parliamentary majority to stop the live broadcasting of plenary sittings);
- Promotion of some decisions without necessary public debates;
- Lack of progress in promoting the law on decision-making transparency;
- Lack of a cogent information about combat of reported corruption;
- Still faulty enforcement of the law on access to information.

**Following events reveal progress in the field of anti-corruption fight**

- Better corruption perception index for Moldova, according to the global report Corruption Perception Index by Transparency International<sup>41</sup>;
- Concentration of activities, increasing measures for the prevention and repression taken by CSECC officers and other law bodies;
- Implementation of the national strategy on prevention and combat of corruption;
- Cooperation between authorities and civil society representatives, especially the Anti-Corruption Alliance;
- Implementation of the action plan by the Education Ministry against corruption in education sector, launch of special campaigns;
- Adoption of a law on mandatory anti-corruption survey of draft legislative and normative acts;
- National and international meetings, information about international experience in the field;
- Elaboration of new draft laws against corruption and related fields;

<sup>37</sup> Statistics; EBRD Report Transition in 2006.

<sup>38</sup> Assessments by Control Risks Group.

<sup>39</sup> The study Demographic and Health in Moldova worked out with the support of USAID, UNICEF and UNFPA.

<sup>40</sup> Communication by Moldpres Agency from 22.11.2006.

<sup>41</sup> Accordingly to [www.transparency.md](http://www.transparency.md); [www.transparency.org](http://www.transparency.org).

**Shortcomings** of the anti-corruption struggle:

- The population regards governance as corrupt, many respondents of surveys consider that the corruption rate did not change or even rose (more than 71 percent of respondents), consider that political leaders and representatives of central administration are corrupt<sup>42</sup>;
- International institutions warn that the corruption is “very spread”, while “big corruption” must attract a special attention<sup>43</sup>;
- Mild punishments, lasting examination of cases filed within law courts<sup>44</sup>;
- Faulty promotion of news laws, imperfection of elaborated drafts<sup>45</sup>;
- Bad quality of cases, annulment or quashing of cases for non-quality evidence;
- Abuses of law bodies participating in the anti-corruption fight<sup>46</sup>;
- High corruption rate in education sector, including pre-university education<sup>47</sup>;
- Low transparency of central and local authorities<sup>48</sup>.

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<sup>42</sup> Survey Barometer of Public Opinion (November 2006).

<sup>43</sup> Work document, progress report within ENP (Moldova), 04.12.2006; Investment Reform Index by OECD.

<sup>44</sup> Press releases by news agencies, report on seminar Discovery, Investigation and Inquiring of Corruption at High Level.

<sup>45</sup> The law on decision-making transparency is not promoted; promotion of news laws against corruption, the new law on public service is late, a law on conflict of interests is not worked out, etc.

<sup>46</sup> The prime minister warned at a sitting of the CSECC College over the need of remedying and monitoring these cases.

<sup>47</sup> Communication on a sitting convoked by Moldovan president on November 23, 2006.

<sup>48</sup> Conclusion voiced at a meeting between members of the Anti-Corruption Alliance and prime minister.

**Monitoring grid 3. Consolidation of administrative capacity**

Indicators / Fields	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<p><b>Administrative reform / Administrative efficiency</b></p>	<ul style="list-style-type: none"> <li>• CPA reform is implemented accordingly to the plan, many drawbacks are observed at the end of 2006;</li> <li>• The LPA reform did not effectively begin, only a package of legislative acts in the field was adopted at the end of the year;</li> <li>• The trend of dynamic development of information technologies (IT) sector is maintained;</li> </ul>	<ul style="list-style-type: none"> <li>• Reform strategy of CPA;</li> <li>• International assistance;</li> <li>• CoE recommendations;</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of new central institutions (MSPF, the assessment agency);</li> <li>• Approval of some normative acts in the field (auditing concept, register of public functions; joint requirements for policy documents, etc.);</li> <li>• Adoption of a decision on adjustment of Moldovan legislation to community legislation;</li> <li>• Adoption of a package of laws on LPA reform;</li> <li>• The number of Internet clubs rose, the coverage area has extended;</li> </ul>	<ul style="list-style-type: none"> <li>• Activity of the unit for coordination of CPA reform;</li> <li>• Attitude of central authorities; international assistance;</li> <li>• Participation of NGOs in elaboration of laws;</li> <li>• Dynamic development of IT sector, implementation of strategies and actions in the field;</li> <li>• International financial assistance;</li> <li>• Gaining of experience, growth of professionalism of decision-making factors;</li> </ul>	<ul style="list-style-type: none"> <li>• Feeble political control of the Parliament;</li> <li>• A single plan on implementation of EUMAP does not exist;</li> <li>• Politicising and political control on CPA;</li> <li>• Insufficient coordination of Government's actions in implementing the EUMAP;</li> <li>• Material assurance of functionaries and institutions is still limited;</li> <li>• New laws on LPA reform were not debated enough, the reform on the Chisinau municipality administration is not analysed as a whole;</li> <li>• Salary rises are not high, some rises were not operated in early 2007;</li> </ul>	<p><b>+0.5</b></p>	<ul style="list-style-type: none"> <li>• Moldovan legislation;</li> <li>• News of CPA reform;</li> <li>• Web resources;</li> <li>• Official press releases;</li> </ul>
<p><b>Stability of ruling policy</b></p>	<ul style="list-style-type: none"> <li>• The ruling programme is implemented in continuation in spite of some drawbacks, shortcomings and faults, major fluctuations are not observed;</li> <li>• Cooperation with international institutions is developing;</li> </ul>	<ul style="list-style-type: none"> <li>• Political and social-economic stability;</li> <li>• Foreign monitoring;</li> <li>• Implementation of priority plans (EUMAP, EGPRSP),</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of a stable Government;</li> <li>• Granting of considerable financial assistance from foreign donors and Millennium Challenge Account;</li> <li>• Assessment of previous strategies and plans, establishing of concepts for new development plans;</li> <li>• Approval of new long-term programmes and strategies;</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign assistance;</li> <li>• Collection of additional funds to the budget;</li> <li>• Political cooperation between parliamentary forces;</li> <li>• Implementation of some planned reforms;</li> </ul>	<ul style="list-style-type: none"> <li>• Economic conjuncture;</li> <li>• Confidence toward authorities is on the decline;</li> <li>• Certain decisions are promoted without a detailed analysis, produce protests of disadvantaged subjects (patent, carriage, pharmacies);</li> <li>• Economic growth declined due to external shocks; Demographic situation is complicated, emigration is massive;</li> <li>• The Transnistrian settlement process does not progress;</li> </ul>	<p><b>+0.5</b></p>	<ul style="list-style-type: none"> <li>• Monitoring of governance;</li> <li>• Moldovan legislation;</li> <li>• Mass media;</li> <li>• Surveys;</li> <li>• Government's reports on implementation of governing programme, other priority programmes;</li> <li>• Reports by independent national and international institutions;</li> </ul>
<p><b>Depoliticising of public administration</b> /</p>	<ul style="list-style-type: none"> <li>• Situation did not progress, politicising of CPA and LPA persists;</li> </ul>	<ul style="list-style-type: none"> <li>• Ruling policy, political control on administration;</li> </ul>	<ul style="list-style-type: none"> <li>• International experts indicate the need of depoliticising functionaries, their participation in strategic planning;</li> <li>• Central authorities continue to intervene in activity of local authorities;</li> <li>• Salary reform remains without major effects;</li> </ul>	<ul style="list-style-type: none"> <li>• Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of new laws on public service based on employment through contest, assessment and promotion on merits;</li> </ul>	<p><b>0</b></p>	<ul style="list-style-type: none"> <li>• Moldovan legislation;</li> <li>• Information about appointments and dismissals;</li> <li>• Estimates by authors;</li> </ul>

Indicators / Fields	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Interference of economic-administrative and political interests</b>	<ul style="list-style-type: none"> <li>Interferences of interests are not reduced much;</li> </ul>	<ul style="list-style-type: none"> <li>Economic interests of ruling elite;</li> <li>Slow privatisation of property;</li> </ul>	<ul style="list-style-type: none"> <li>The methodology of analysis of regulation impact is approved (GD # 1230 from 24.10.2006);</li> <li>Profitableness of state-owned enterprises is on the decline;</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of ongoing reforms (deregulation of entrepreneurial activity);</li> <li>Active stance of business representatives;</li> </ul>	<ul style="list-style-type: none"> <li>Government's interference in business;</li> <li>Delayed implementation of some actions for CPA reform and anti-corruption fight;</li> <li>Lack of efficient regulations on prevention of conflicts of interests;</li> <li>Protracted creation of the Agency for the Protection of Competition;</li> </ul>	<b>+0.5</b>	<ul style="list-style-type: none"> <li>Records of parliamentary sittings;</li> <li>Estimates by authors;</li> </ul>
<b>Probity and transparency of governance / Combat of corruption</b>	<ul style="list-style-type: none"> <li>Transparency of parliamentary activity is ensured as formerly;</li> <li>Transparency of executive and local authorities remains insufficient;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign monitoring;</li> <li>Recommendations by international institutions;</li> <li>Activity of NGOs;</li> </ul>	<ul style="list-style-type: none"> <li>Activity of Government, central and local authorities is not very transparent;</li> <li>Important privatisations at open contests take place;</li> <li>Participation of civil society representatives in drafting and debating some documents;</li> <li>Web resources of authorities do not fit the requirements; they are not updated often;</li> </ul>	<ul style="list-style-type: none"> <li>Approval of additional international financial assistance;</li> <li>Cooperation with NGOs;</li> </ul>	<ul style="list-style-type: none"> <li>Attempts to limit transparency of parliamentary activity;</li> <li>Declarative attitude of authorities without elaboration and implementation of concrete actions to boost transparency;</li> <li>The law on decision-making transparency is not promoted;</li> <li>Mass media does not have access to information of major public interest;</li> <li>Poor knowledge of functionaries concerning modern information technologies;</li> </ul>	<b>+0.5</b>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Mass media;</li> <li>Official communications;</li> <li>Statements and reactions of NGOs;</li> </ul>
	<ul style="list-style-type: none"> <li>More coordinated concerns in the field of prevention and combat of corruption;</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of anti-corruption strategy;</li> <li>Foreign monitoring;</li> </ul>	<ul style="list-style-type: none"> <li>Better corruption perception index;</li> <li>Adoption of the law on anti-corruption survey of draft legislative and normative acts;</li> <li>New draft laws against corruption are worked out;</li> <li>Preliminary plan of the Millennium Challenge Account is approved;</li> <li>Number of cases filed particularly against high-ranking functionaries is on the rise;</li> <li>Abuses of law bodies, bad quality of the filed cases;</li> <li>Official and private international institutions signal a high corruption spreading rate;</li> </ul>	<ul style="list-style-type: none"> <li>Greater attention of state authorities;</li> <li>Foreign assistance (MOLICO-Moldova and others);</li> <li>Activity of specialised bodies, their training;</li> <li>Activities of relevant NGOs, Anti-Corruption Alliance;</li> <li>Summary interventions of parliamentary and extra-parliamentary opposition;</li> <li>Enhanced information activities against corruption;</li> </ul>	<ul style="list-style-type: none"> <li>Citizens regard the governance as corrupt;</li> <li>Insufficient approach of the "big corruption" problem;</li> <li>The problem of declaration of incomes and estate, control on their origins is not raised and resolved appropriately;</li> <li>Unclear fate of cases, lack of a real sentencing for actions of governance representatives;</li> <li>Few capacities of mass media;</li> <li>Few capacities of parliamentary and extra-parliamentary opposition;</li> </ul>	<b>+0.5</b>	<ul style="list-style-type: none"> <li>National and international monitoring reports by official and independent institutions;</li> <li>Report on implementation of the anti-corruption strategy;</li> <li>Mass media;</li> <li>Communications on activity of CSECC;</li> <li>Official communications;</li> <li>Surveys, researches;</li> <li>Moldovan legislation;</li> </ul>

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## 4. JUSTICE

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### *Status of magistrates / Capacity of imposing respect for law*

Following **evolutions** may be remarked in this area:

- The confidence of population toward justice, law bodies has grown a little<sup>49</sup>;
- The number of cases examined by courts, including the Supreme Court of Justice has grown;
- Modification of some laws on status of magistrates and judicial organisation.

#### **Involutions:**

- A Government-hosted sitting has discussed the execution of judgments, with prime minister bitterly criticising the situation in this field and the existence of many unexecuted judgments (about 50 percent of executory documents are not executed)<sup>50</sup>;
- The July 2007 reform is not effective, promotion and appointment of judges did not become a consolidated prerogative of the Superior Council of Magistracy (SCM), political influence persists, transparency is not ensured, presidency operates additional controls by using illegal procedures;
- Mass media continues to report non-execution of judgments by high-ranking dignitaries, including Government members. According to some data, tens of judgments are not executed for one year, while legal executors do not have access to dignitaries to demand execution<sup>51</sup>;
- Legislative amendments to the Law # 247/2006 produce contradictory talks, some norms may limit the independence of judges.

### *Political independence /Transparency*

#### **Evolutions:**

The Law # 247/2006 has consolidated the aspects linked to:

- Aleatory distribution of cases;
- Record of sittings (after about two years);
- Contests for the post of judge;
- Disciplinary and patrimonial responsibility of judges;
- Competences of SCM and competent colleges;
- A new SCM chairperson was elected because the Supreme Court head cannot cumulate this office.

#### **Shortcomings / Regress:**

- A report by the European Commission reveals the need of reforming the judicial system, ensuring its independence, transparency and predictability of decisions, as well as the need of defining adequately the power of prosecutor-general;
- The parliamentary majority rejected without reasons the candidacy of a judge of the Supreme Court of Justice, and this clearly means the politicising of the appointment process;
- The situation of the „**Pasat case**“: an OSCE meeting on human rights demanded fairness in the “Pasat case”, expressing increasing concern with respect for the principle of supremacy of law and judicial independence in examining this case, which is regarded as political<sup>52</sup>; the Court of Appeal has decided to acquit Pasat for sale of aircraft, with this counts of the change being principal in this case; lawyers sought the amnesty of Pasat, but the examination of their appeal was protracted, several courts declined their competence, with the invoked reasons resulting from different interpretation of legislation;
- Gheorghe Sima, Eduard Musuc, Serafim Urechean continue to describe the cases filed against them as “political orders”, and no final decisions on these cases are made so far. The former deputy mayor of the Chisinau municipality, Anatol Turcanu, was acquitted by a law court after investigators had harassed him and declared him as internationally wanted<sup>53</sup>;
- SCM decisions opening contests for posts of judges are published in Monitorul Oficial only, though they must be published on the website<sup>54</sup>;
- Amendments to the Law # 247/2006 prohibit judges to provide information about cases examined by law courts to journalists but via the judge in charge with mass media relations.

### *Relevant legislative and normative amendments*

**Law # 247-XVI from 21.07.2006** on amendment and completion of some legislative acts, published on November 10, 2006.

Following laws are amended: on judicial organisation; on status of the judge; on Superior Council of Magistracy; on college of qualification and attestation of judges; on disciplinary college and disciplinary responsibility of judges. Some new provisions may produce negative influences:

- As regards disciplinary breaches, aspects concerning wrong misinterpretation or implementation of legislation are not clarified;
- Participation in extra-judicial activities without authorisation of SCM, late implementation or violation of the programme;

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<sup>49</sup> Barometer of Public Opinion, November 2006.

<sup>50</sup> Communication by Moldpres, 13.10.2006.

<sup>51</sup> Publication Ziarul de Garda, 26.10.2006.

<sup>52</sup> Communication by Infotag news agency, 04.10.2006.

<sup>53</sup> Publication Jurnal de Chisinau, 17.11.2006.

<sup>54</sup> SCM decisions # 247/15 from 02.11.2006; # 259/16 from 07.12.2006, and others.

- Aspects linked to aleatory distribution of cases are not clear (the principle is mentioned, but no special software is described or imposed);
- Record of sittings will become mandatory after one year only (not later than on January 1, 2008);
- Red-handed holding of judges is admitted and this could be done with provocations of law bodies.

**Other relevant legislative acts** in the field:

- Law # 371-XVI from 01.12.2006 concerning international legal assistance in criminal matters;
- Law # 333-XVI from 10.11.2006 concerning status of criminal officers;
- Decision # 372-XVI from 01.12.2006 that endorses the declarations on good practices in the field of international legal assistance in criminal matters;
- Decision # 373-XVI from 01.12.2006 concerning constitution of a network of national contact points in the field of international legal assistance.

## ***Training of specialists in system /Material ensuring***

**Important developments** in the area are:

- Eugenia Fistican, judge of the Supreme Court of Justice, was appointed executive director of the National Institute of Justice on October 18, 2006. International experts discussed conditions and regulation on admission of candidates to posts of judges and prosecutors, who will be trained at the National Institute of Justice (the November 16-17, 2006 meeting held as part of the Joint Programme of the European Commission and Council of Europe for Moldova);
- The EX LEGE Agency jointly with the Superior Council of Magistracy held regional training seminars for instruction of judges on October 6-7, 13-14 2006, with the support of SOROS-Moldova Foundation. Starting November 20, 2006, judges and prosecutors of general jurisdiction courts will improve their capacities of implementation of the European Convention of Human Rights at national level. Moldovan experts (judges and prosecutors) will hold six two-day intensive training seminars in Chisinau;
- The Ministry of Justice held a roundtable with 12 donor organisations (the European Commission Delegation, UNDP, the World Bank, OSCE, Soros-Moldova, EURASIA, USAID, TACIS) on December 20, 2006. Participants exchanged information about strategic directions and legal assistance programmes and outlined aspects on which the Ministry of Justice and donor organisations will focus their activity;
- Law # 247/2006 included regulations saying that the organisational, technical-material and financial insurance of courts is a prerogative of the Ministry of Justice. Also, difficult regulations on ensuring law courts with headquarters, transportation and other endowments by Government "via local public administration authorities" remain in force. Provisions on procedure of establishing and approving the expenditure for justice have not been modified.

## ***Alternative ways to settle trials /Prisons***

**Relevant developments:**

- The draft law on mediation of civil cases is adopted in the first reading;
- According to data of the Chisinau Prosecutor's Office, about 370 cases filed against minors were registered in January-October 2006, by about 30 percent less than in the similar period of 2005;
- A French expert in the field of juvenile justice will work in the Ministry of Justice to help improving the legal framework in the area (the proposal was accepted at a meeting between minister of justice and French ambassador in Chisinau);
- The Ministry of Education and Youth and the Interior Ministry have approved a joint action plan on prevention of juvenile crime for 2007-09<sup>55</sup>;
- International experts continue to recommend Moldova to reduce the number of long-term sentences in order to lower the number of inmates<sup>56</sup>;
- The first stage of renovation of the penitentiary for women in Rusca was completed in late October (works in bedrooms of inmates from dwelling block # 1, installation of new water pipes and power lines, transformation of common bedrooms into cells for 2-4 persons). Under the Government Decision # 1159 from 11.10.2006, funds were allocated from the reserve fund for prisons (penitentiary in Rusca, type-project of the arrest facility);
- Ombudsmen often ascertain the administrative arrest in connection with non-execution of administrative sanctions and fines, including for owed taxes. Ombudsmen describe such practices and the absence of coherent provisions on substitution of administrative punishments in legislation as a violation of fundamental rights, recommending the appropriate amendment of legislation.

<sup>55</sup> Communication by Moldpres Agency.

<sup>56</sup> Works of an international seminar held as part of the project on implementation of the European Penitentiary Rules Twinning-EU.

**Monitoring grid 4. Justice**

Indicators / Fields	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Status of magistrates / Capacity of imposing respect for law</b>	<ul style="list-style-type: none"> <li>Publication of the law on essential modification of legislation in the area;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign monitoring;</li> <li>EUMAP;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of CoE recommendations;</li> <li>International methodical and financial assistance;</li> </ul>	<ul style="list-style-type: none"> <li>Problematical norms of the modified laws;</li> <li>Government's attitude toward justice;</li> </ul>	<b>+0.5</b>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Mass media;</li> </ul>
	<ul style="list-style-type: none"> <li>Execution of judgments remains a grave problem;</li> </ul>	<ul style="list-style-type: none"> <li>Applications lodged with ECHR;</li> <li>Foreign monitoring;</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Justice pays more attention to execution of decisions;</li> <li>A new SCM chairperson is appointed;</li> <li>Lots of cases, especially lodged with the first court;</li> <li>High-ranking dignitaries refuse to execute definitive decisions;</li> </ul>	<ul style="list-style-type: none"> <li>International assistance;</li> <li>Internal monitoring;</li> <li>Attention of mass media;</li> </ul>	<ul style="list-style-type: none"> <li>Adequate punishments are not applied for non-execution of judgements;</li> <li>The judicial police do not function enough;</li> <li>Technical-material endowment of legal executors is insufficient;</li> <li>Government does not have a concrete plan to resolve problems in the field;</li> </ul>	<b>0</b>	<ul style="list-style-type: none"> <li>Mass media;</li> <li>Official communications of Government, Ministry of Justice;</li> <li>Web resources;</li> </ul>
	<ul style="list-style-type: none"> <li>Perception of population about justice has improved;</li> </ul>	<ul style="list-style-type: none"> <li>Greater attention toward reformation of the field;</li> </ul>	<ul style="list-style-type: none"> <li>Confidence for law courts is on the rise;</li> </ul>	<ul style="list-style-type: none"> <li>Better activity of judges, training of judges;</li> <li>ECHR judgments that reveal shortcomings of the judicial process in Moldova;</li> </ul>	<ul style="list-style-type: none"> <li>Corruption in system;</li> <li>Poor quality of decisions;</li> <li>Low transparency;</li> </ul>	<b>+0.5</b>	<ul style="list-style-type: none"> <li>Surveys;</li> <li>Mass media;</li> </ul>
<b>Political independence / Transparency</b>	<ul style="list-style-type: none"> <li>The need of reforming the judicial system and ensuring its independence is signalled in continuation;</li> <li>Legislative amendments are adopted, but their impact is not observed;</li> </ul>	<ul style="list-style-type: none"> <li>Control of governance on system;</li> <li>Foreign monitoring;</li> </ul>	<ul style="list-style-type: none"> <li>Candidates to posts are rejected without reasons or on basis of secretly collected information;</li> <li>Many filed and examined cases are described as political orders;</li> <li>Legal provisions on competition; disciplinary responsibility of judges are consolidated; competences of SCM and specialised colleges are specified;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Legislation is not appropriately reformed, amendments do not have the necessary effect;</li> <li>Political and administrative involvement in the process of appointment of magistrates and their activity;</li> <li>Inefficient activity of SCM;</li> <li>Protracted settlement of some important cases;</li> </ul>	<b>-1.5</b>	<ul style="list-style-type: none"> <li>Reports by international institutions;</li> <li>Records of parliamentary sittings;</li> <li>Mass media;</li> <li>Estimates by authors;</li> <li>Moldovan legislation;</li> </ul>
	<ul style="list-style-type: none"> <li>Transparency grows but slowly;</li> <li>Process of selection and appointment of judges is still non-transparent;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign monitoring;</li> <li>Activity of NGOs;</li> </ul>	<ul style="list-style-type: none"> <li>Public and mass media have access to public sittings when they take place in appropriate halls of courts;</li> <li>Interventions aimed at politically influencing the appointment of judges are not excluded;</li> <li>The parliamentary majority turned down a proposal seeking a special examination of situation in the field;</li> </ul>	<ul style="list-style-type: none"> <li>International assistance;</li> </ul>	<ul style="list-style-type: none"> <li>Limited resources;</li> <li>Insufficient attention toward transparency;</li> <li>Lack of experience in the field;</li> <li>Lack of some specialised periodicals about judicial practice;</li> <li>Low interest of mass media;</li> </ul>	<b>0</b>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Mass media;</li> <li>Monitorul Oficial;</li> </ul>

Indicators / Fields	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<p><b>Training of specialists in system</b></p> <p>/</p> <p><b>Material ensuring</b></p>	<ul style="list-style-type: none"> <li>Precedent practices are still used in training process;</li> <li>The National Institute of Justice did not start its activity;</li> <li>Considerable funds are not allocated;</li> <li>Proposal seeking technical-material and financial assurance of courts by SCM is turned down;</li> </ul>	<ul style="list-style-type: none"> <li>Stance of Presidency toward legal modifications in the field;</li> <li>Insufficient technical and financial resources;</li> </ul>	<ul style="list-style-type: none"> <li>Judges are trained at thematic seminars;</li> <li>The administration of the National Institute of Justice was elected and the headquarters of the institute was chosen, budgetary resources are allocated to the institute;</li> </ul>	<ul style="list-style-type: none"> <li>Activity of NGOs;</li> <li>Implementation of new legislation in the field;</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient funds are allocated;</li> <li>Administrative-political control on allocation and management of resources is preserved;</li> <li>Negligent attitude of legislative and executive power;</li> <li>Slow promotion of training reform;</li> <li>Salaries did not grow much, rises planned at the end of the year were suspended;</li> </ul>	<b>+0.5</b>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Web resources;</li> </ul>
<p><b>Alternative ways to settle litigations / Prisons</b></p>	<ul style="list-style-type: none"> <li>The law on mediation of civil trials is passed in the first reading;</li> <li>The number of cases filed against minors declined;</li> <li>The number of long-term sentences is still high;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign monitoring;</li> <li>Action plan on human rights;</li> </ul>	<ul style="list-style-type: none"> <li>There are arrests for pecuniary matters;</li> <li>The problem of juvenile delinquency is tackled accordingly to plans;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign assistance;</li> <li>Activity of NGOs in the field;</li> </ul>	<ul style="list-style-type: none"> <li>Inefficient activity of parliamentarians;</li> <li>New procedures and lack of experience in the field;</li> <li>Laws on (criminal, civil) mediation, probation are not adopted;</li> <li>A new Contravention Code is not adopted;</li> </ul>	<b>+0.5</b>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Mass media;</li> <li>Web resources;</li> <li>Information about activity of NGOs in the field;</li> </ul>
	<ul style="list-style-type: none"> <li>Conditions in some prisons improve;</li> <li>Allocations are still insufficient, norms are not respected;</li> </ul>	<ul style="list-style-type: none"> <li>Activity of ombudsmen;</li> <li>Activity of the Complaint Committee;</li> <li>Enforcement of the Execution Code;</li> <li>Action plan on human rights;</li> </ul>	<ul style="list-style-type: none"> <li>Detainees from the Rusca-based penitentiary will enjoy better detention conditions;</li> <li>Government allocated more resources;</li> <li>Nutrition of inmates still unfits minimum requirements;</li> </ul>	<ul style="list-style-type: none"> <li>Foreign assistance;</li> <li>More serious concerns of authorities;</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient resources;</li> <li>Existence of other governmental priorities;</li> <li>Authorities neglect appeals by NGOs, ombudsmen;</li> <li>Arrest facilities are not built;</li> <li>Overpopulation of prisons;</li> </ul>	<b>+0.5</b>	<ul style="list-style-type: none"> <li>Information about activity of the Department of Prisons;</li> <li>Information about activity of ombudsmen, Complaint Committee;</li> <li>Mass media;</li> </ul>

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## **5. DEVELOPMENT. ECONOMIC AND SOCIAL REFORMS**

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### ***Poverty reduction***

The poverty reduction was not an important element of governmental rhetoric and no essential measures were taken to reduce poverty. There are indicators suggesting that the incidence of this phenomenon rose in rural areas in the 4<sup>th</sup> quarter, too. The agricultural stagnation and impossibility to export agricultural products to Russia had the biggest influence on poverty. Another negative influence has come from wine industry, which entered an acute recession after Russia had restricted the Moldovan wines.

According to a report published by UNICEF Innocent Research Center on October 18, more than half of children in Moldova face poverty or limit of poverty. The report reveals that remittances from Moldovans working abroad enhance the GDP and family earnings. Such a kind of economic growth may reduce the short-term poverty rate, but it produces long-term negative social-economic effects. In particular, many children, about 25-30 percent of the total, live in incomplete families.

The medium salary on economy rose in continuation in the 4<sup>th</sup> quarter. According to statistics, the real medium salary was by 14 percent higher in January-November 2006 than in 2005. However, residents of towns enjoyed more substantial salary rises. This compensated the lower incomes from agricultural works in rural areas. The low purchase power in rural areas is due to smaller salaries and high debts of agricultural farms. Salary arrears on economy amounted to 130 million lei in late November, of which half in agriculture.

The intense growth of remittances continued. According to data of the National Bank of Moldova, remittances of Moldovans working abroad amounted to about 765 million dollars in January-November 2006, by about 9 percent more than in 2005.

### ***Consolidation of economic growth***

The Moldovan economy continued to cool in the 3<sup>rd</sup> quarter. The decline of quarterly economic growth demonstrated this fact. If the economy grew by 6.2 percent in the 1<sup>st</sup> quarter of 2006, compared to the 1<sup>st</sup> quarter of 2005, it rose by 4.1 percent in the 2<sup>nd</sup> quarter and by 3.9 percent in the 3<sup>rd</sup> quarter. The production has declined in agriculture and industry, but services have substantially advanced (by 8.5 percent, according to our estimates). In general, the gross value-added has grown by 3 percent only, while net taxes on production and import by 9.9 percent. As shown in the precedent issues of BER, this "magical" combination of an inert value-added and accelerated taxes turn into a delusive economic performance. The asymmetrical growth of GDP lacks a quality advance of economy.

As regards the use of GDP, the 20-percent rise of investments is encouraging. This rise pace has increased the row investments up to 30 percent of GDP. The private consumption also remains intense, growing by 5.2 percent. The feeble growth of exports (by 2.5 percent), compared with the 11-percent rise of imports, is also on the negative balance.

At the same time, negative sectoral trends that revealed the bad quality of economic growth in the 4<sup>th</sup> quarter of 2006 continued:

- The annual industrial recession was 7 percent;
- The annual agricultural production have grown by 1 percent only;
- The exports have declined by 6 percent in January-November;

No major changes capable to improve the quality of growth in the 4<sup>th</sup> quarter were observed. The Government obtained a less pressing tariff rise schedule from Russia, so that prices will gradually grow the next four years, up to the Central-European average. This will allow glass, cement producers and canneries to introduce efficient energy technologies and to adapt themselves to the new production costs.

Russia reviewed its stance on Moldovan wines at the end of the 4<sup>th</sup> quarter. At the same time, the withdrawal of interdictions is not expected to turn into immediate benefits for Moldovan companies. The export procedure was ultra bureaucratized and few companies will be able to play after the new rules imposed by Rospotrebnadzor and Moldova-Vin.

### ***Cooperation with international financial institutions***

Very important developments have been registered in relations with international financial institutions. Good relations with IMF and WB have strengthened. An IMF mission led by Thomas Richardson, deputy director of the North-East Department of IMF, visited Chisinau on October 11-25, 2006. The mission assessed Moldova's performances in implementing macroeconomic policies and structural reforms agreed in the Memorandum on Economic and Financial Policies for 2006, and it was satisfied with the findings.

The attitude of international financiers toward Moldova has essentially improved after that mission. The European Commission and the World Bank organised a joint sitting of the Moldovan Government with the main international development partners, in Brussels on December 12. The sitting had a double goal. On one hand, partners evaluated the progress and the level of Government's commitment in implementing the E.U.-Moldova Action Plan and the Economic Growth and Poverty Reduction Strategy Paper. On the other hand, partners declared their readiness to contribute with additional resources to Moldova's development programmes, which have been thrown under doubts by several external shocks faced by country in 2006.

Multilateral and bilateral financiers besides the European Commission expressed support for medium-term development programmes of Moldova and signalled that they could offer a financial aid worth over 1.2 billion dollars to sustain development goals. Approximately half of the expected assistance could arrive in grants. At the same time, the allocation of these funds was implicitly conditioned by maintenance of economic and political reforms in Moldova.

The IMF Executive Board gave green light on December 15 to a rise of the loan granted to Moldova from 121 million dollars up to 167 million dollars within the Poverty Reduction and Growth Facility (PRGF). The money was transferred to the National Bank of Moldova on December 28, 2006, so that the official currency reserves were increased up to 760 million dollars.

### *Transparency and tax durability*

Moldova's Parliament passed the 2007 state budget law in the final reading in November 2006. Parameters of the budget have been forecasted starting from following macroeconomic premises: the GDP shall grow by 4 percent in 2007, the annual medium exchange rate shall be 14.6 lei per dollar, the inflation rate shall be maximum 10.5 percent, the internal public debt shall account for 3,899 million lei, the Government-administrated foreign debt shall amount to 728 million dollars. Overall incomes in state budget will count for 12,088 billion lei, while expenditure will amount to 12,161 billion lei and a deficit of 73 million lei is expected. It seems that the deficit estimated at 0.7 percent of GDP shall not create macroeconomic problems, if stability of monetary sector is ensured and new commercial shocks do not appear.

The 2006 state budget was modified twice in the 4<sup>th</sup> quarter. First, the Parliament increased the total revenues and expenditure by 0.9 percent on November 23. The Parliament adopted new amendments to the 2006 budget law on December 8. It increased the incomes of the state budget by another 1.5 percent and expenditure by 3.4 percent.

In spite of these rises, the budgetary expenditure is financed much more than planned. The expenditure chapter for January-November was executed 87.5 percent of the plan. In particular, expenditure for education was executed 85 percent of the plan, healthcare – 90.5 percent, agriculture 73.4 percent, energy complex 76.8 percent, industry and construction 50.2 percent (expenditure for this sector was executed worst). Expenditure for insurance and social assistance was executed best (95.6 percent of the planned amount). According to updated data, the expenditure chapter for 2006 was executed 96 percent. This situation repeats for several years in a row and it indicates the administrative incapacity of absorption and management of public finances by central and local public authorities.

**Monitoring grid 5. Development. Economic and social reforms**

Indicators / Fields	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Poverty reduction</b>	<ul style="list-style-type: none"> <li>Growth of available incomes of some segments of population.</li> </ul>	<ul style="list-style-type: none"> <li>Rise of real salary, remittances and incomes from agricultural activity;</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of poverty in urban areas and growth of urban-rural inequalities;</li> </ul>	<ul style="list-style-type: none"> <li>Administrative rise of budgetary salaries;</li> <li>Growth of pensions and other social payments;</li> </ul>	<ul style="list-style-type: none"> <li>Rise of prices;</li> <li>Decline of wine industry;</li> <li>Decline of other industrial branches;</li> </ul>	<b>+0.5</b>	Estimates by authors; Data of NBS;
	<ul style="list-style-type: none"> <li>Rural poverty grew in continuation, according to our estimates.</li> </ul>	<ul style="list-style-type: none"> <li>Decline of agriculture and wine industry.</li> </ul>	<ul style="list-style-type: none"> <li>Worsening of life of rural residents and intensification of rural emigration.</li> </ul>	<ul style="list-style-type: none"> <li>Rise of prices of cereal products in the region.</li> <li>Intensification of wine exports to Romania.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of access to bank credits.</li> <li>Difficult access to foreign markets.</li> <li>Feeble inter-industrial ties.</li> </ul>	<b>-1.0</b>	Estimates by authors; Data of NBS;
<b>Economic growth</b>	<ul style="list-style-type: none"> <li>Economic growth in the 3<sup>rd</sup> quarter of 2006 was 3.9 percent.</li> </ul>	<ul style="list-style-type: none"> <li>Rise of net taxes on product and import and growth of gross value-added for services.</li> <li>Growth of final consumption of households and investments.</li> </ul>	<ul style="list-style-type: none"> <li>Deepening of unbalanced economic growth in Moldova (regions and sectors).</li> <li>Rise of inequality of revenues.</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of remittances at a constantly high level.</li> <li>Rise of IMF credit.</li> <li>Romania's accession to E.U. in 2007.</li> </ul>	<ul style="list-style-type: none"> <li>Unreasonable allocation of resources from abroad.</li> <li>Higher price of Russian gas.</li> <li>Crisis of wine exports.</li> <li>Short-term commercial risks after Romania's accession to E.U.</li> </ul>	<b>+0.5</b>	Estimates by authors; Data of NBM;
	<ul style="list-style-type: none"> <li>Very feeble performances of industry. Industry declined by 7 percent in January-November 2006.</li> </ul>	<ul style="list-style-type: none"> <li>External trade barriers;</li> <li>Low competitiveness of domestic industrial production (problem of standards and quality);</li> </ul>	<ul style="list-style-type: none"> <li>Narrow base for GDP growth;</li> <li>Reduction of salary rise perspectives;</li> </ul>	<ul style="list-style-type: none"> <li>Existence of some niches on Central-European market (Poland, Romania) and Asian market (China);</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of new sanctions or commercial barriers by Russian Federation;</li> <li>Spreading of crisis;</li> </ul>		
	<ul style="list-style-type: none"> <li>Real salaries rose by 14 percent in January-November.</li> </ul>	<ul style="list-style-type: none"> <li>Administrative rise of budgetary salaries;</li> <li>Growth of sales in trade sector;</li> </ul>	<ul style="list-style-type: none"> <li>Better remuneration of labour;</li> <li>Growth of available incomes;</li> </ul>	<ul style="list-style-type: none"> <li>Rise of salaries in private sector and wages paid by foreign competitors in Moldova;</li> </ul>	<ul style="list-style-type: none"> <li>Slower paces of industrial rises and risks of decline faced by this sector;</li> <li>Informal remuneration practice;</li> </ul>		
<b>Cooperation with IMF</b>	<ul style="list-style-type: none"> <li>IMF positively assessed macroeconomic performances of Government and NBM.</li> <li>IMF increased the credit for Moldova.</li> <li>Promise to give Moldova 1.2 billion dollars, the December 12 sitting of donors.</li> </ul>	<ul style="list-style-type: none"> <li>Need to consolidate capacities of economic policies.</li> <li>More tolerant attitude of IMF toward Moldova, which suffered a macroeconomic shock in 2006.</li> <li>Need of enhancing official reserves of NBM to prevent a currency crisis.</li> </ul>	<ul style="list-style-type: none"> <li>Allocated resources will help balancing the current account and ensuring a budgetary equilibrium.</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Incoherence of structural policies;</li> </ul>	<b>+1</b>	Estimates by authors;
<b>Public finances</b>	<ul style="list-style-type: none"> <li>The budget was modified too often at the end of the year.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of social and political responsibility.</li> </ul>	<ul style="list-style-type: none"> <li>Inefficient public resources, insufficient social protection, lack of public investments in infrastructure.</li> </ul>		<ul style="list-style-type: none"> <li>Bureaucratic and political interests prevail the social interests.</li> </ul>	<b>-1</b>	Estimates by authors;

## 6. INTERNATIONAL TRADE

### *Evolution of international trade*

In spite of a modest growth of exports, the situation of Moldova's foreign trade continued to degrade both regarding quantity and quality in the 4<sup>th</sup> quarter of 2004. The still low competitiveness of domestic products, inertia of domestic producers and exporters to meet international certification and quality standards, high production costs, modest marketing of companies, all these being associated with persistence of some barriers for Moldovan goods perpetuated the positive trend of international trade in continuation. The absence of data on December hardens an integral synthesis of foreign trade, but existing data on January-November 2006 show that exports dropped by 5.4 percent compared with the same period of 2005 (and they totalled about 932 million dollars), while imports rose by 16.4 percent (2,366 million dollars). We consider that these values will be maintained or they will even grow when the official statistics for the whole year 2006 will be unveiled.

Although exports rose by about 20 percent in November 2006, this growth improved a little the situation in the field. The decline of exports per total in that period compared with 2005 was basically conditioned by a 23.5-percent fall of deliveries to the CIS (41 percent per total), especially to the Russian Federation – 47.3 percent (!). At the same time, exports to the E.U. (34.3 percent per total) have grown by 11.2 percent, while deliveries to Central and East Europe have increased by 39.2 percent (16.3 percent per total) due to some more aggressive marketing activities of Moldovan producers and authorities.

At the same time, Moldova's deficit of trade balance rose by about 37 percent in January-November 2006, up to 1.44 billion dollars. We consider that the trade deficit for 2006 will exceed 1.6 billion dollars once the data on foreign trade for the entire year 2006 are processed. Although it is covered more than 80 percent, the trade deficit is a nervous point for economy since it produces the risk of negative consequences for exchange rate, inflation, economic growth, etc.

### *Commercial relations with Russia*

Positive signals regarding resumption of Moldovan exports to Russia, received from negotiators of Moldova and Russia in the period concerned, at least improved the image between the sides. In addition, communications released after negotiations between Moldovan and Russian authorities said that Moldovan products (especially wines) could appear again on the Russian market in early 2007. The Agro-Industrial Agency Moldova-Vin was cited by news agencies as saying that Moldovans have lost about 180 million dollars<sup>57</sup> because of Russia's restrictions. However, the Moldovan-Russian relations have extended in the period concerned, though Moldovan exports to the Russian market dropped by about 47 percent then. It is considered that the relations "warmed up" due to agreements reached by Presidents Vladimir Voronin and Vladimir Putin in Moscow on August 8 and in Minsk on November 28. The restart of traffic of trains on the Chisinau-Moscow route and the possible resumption of wine and meat exports to the Russian Federation after new schemes are regarded as results of the talks between the two presidents.

Several developments registered in the bilateral dialogue in late 2006 confirm trends to extend the Moldovan-Russian relations. In particular, experts of the Russian Service Rossel'hoznadzor inspected some Moldovan meat processing enterprises to identify companies "which respect all sanitary-veterinary conditions" for resumption of meat and sausage exports to Russia. Secondly, a bilateral protocol ending the Russia-Moldova negotiations on Russia's accession to the World Trade Organisation (WTO) was signed in Moscow on December 27. Moldova's minister of economy and commerce has earlier said that Moldova would like to sign instead an export taxation agreement, particularly on taxation of Russian natural gas imported by Moldova. At present, Russia applies VAT on the natural gas exported to Moldova, while WTO requirements say that the destination country, not the exporting state must do it.

Under agreements reached with the Russian giant Gazprom in late December 2006, Moldova will pay 170 dollars per 1,000 cubic metres of natural gas in 2007, 75 percent of the European average in 2008, 90 percent in 2009, and the price will be adjusted to the European average starting 2011. This gradual rise of natural gas price is also due to "extension" of bilateral relations. Moldovan authorities said that they have signed a five-term agreement, but unfortunately, it was not made public so far. At the same time, some Russian press reports said that Moldova accepted to cede the gas distribution networks to Gazprom and to increase the share of the Russian giant in the Moldova-Gaz society in exchange for the gradual rise of the gas tariff. However, first deputy premier Zinaida Greceanii replied that Moldova will capitalise the distribution networks and will include them in the registered capital of Moldova-Gaz, while the sides have agreed not to touch the shares<sup>58</sup>.

<sup>57</sup> <http://www.tv7.md/?page=news&id=2401&lang=ru&list=1>

<sup>58</sup> BASA-News, December 27, 2006

## **Trade policy**

The Ministry of Economy and Commerce (MEC) jointly with the Agro-Industrial Agency Moldova-Vin have established the conditions for organisation of Moldovan wine exports and spirits imports via the "one-stop-shop". In this respect, the Government approved in December 2006 the regulation on modality of applying the excise stamp, state trademark, introduced on January 1, 2007 for imported and exported spirits and alcohol drinks sold on domestic market. Moldova-Vin was empowered as the only institution in charge with issuing Moldova's trademarks and quality certificates for wines accepted on domestic and foreign markets. This measure is expected to combat the lobbism in selecting the exporting wine enterprises. At the same time, the problem of Moldovan wine exports was discussed at national and international meetings and within foreign missions of Chisinau officials to European states.

The single customs account introduced in early 2006 demonstrated viability and effectiveness, according to economic agents participating in export-import operations and Chisinau authorities. The Customs Service jointly with the State Treasury worked out early this year "the principle of management of single account," which allows economic agents to pay all customs duties for their transactions in one account. The account is implemented online via the international system ASYCUDA WORLD. Economic agents do not transfer any longer the fees for import/export rights to certain customs offices and various accounts, like before January 1, 2006, but transfer all fees and duties (customs duty, duty for customs procedures, Value-Added Tax, excises, special tax) on a single account of the Customs Service. Thus, the new method has reduced the customs corruption because the motivation for asking favours or compromises from customs officers for redirection of finances on territorial principles and types of payments has also disappeared. At the same time, the single customs account allows the legal collection of debts of economic agents toward state budget.

At the same time, the Ministry of Economy and Commerce (MEC), the Chamber of Commerce and Industry (CCI) and the 2007-09 Better Competitiveness in Moldova Project of the World Bank established the priorities of implementation of the Matching Grant Facility (MGF) for economic agents willing to obtain international quality management certificates ISO or HCCP. The MGF officially entered into force on December 1, 2006, once the MEC and the project implementation unit on one hand and CCI on the other hand signed a contract. The MGF aims to strengthen competitiveness of Moldovan companies, boost exports and ensure their position on domestic market by improving the quality of products and services. According to forecasts by MEC, about 120 enterprises in Moldova will obtain certificates in the field of quality management systems via MGF by 2009. At present, more than 80 economic agents in Moldova hold such certificates. They include joint stock societies Orhei-Vit, Franzeluta, Carmez, Bucuria, Aroma, Ionel, IS the Milestii Mici Quality Wine Plant, and others.

## **Trade regime with E.U.**

Exports to the E.U. and Central and East Europe rose in continuation in the 4<sup>th</sup> quarter of 2005. For example, exports of Moldovan products to the E.U. increased by 11.2 percent, compared with January-November 2005, while deliveries to Central and East Europe rose by 39.2 percent. Exports to Romania grew by about 34 percent, Slovakia by 33.6 percent, Poland by 38 percent, while deliveries to the United Kingdom increased 3-fold. However, the level of concentration of Moldovan exports on the E.U. market is still relatively high, with food products and spirits holding a strong share. At the same time, the GSP Plus system, in which big hopes were "invested", did not produce the expected effects in 2006.

On the other hand, if the trends registered in 2006 do not change, Moldova's exports to the E.U. could exceed 40 percent of the total in 2007 (now the exports to the E.U. count for 34 percent of the total). In January-November 2006, 34.3 percent of the exports went to the E.U., which is by 5.1 percentage points more than in the similar period of 2005. Moldova could raise larger profits from implementing the GSP Plus in 2007, if companies rely on quality of products and a more aggressive marketing.

Moldova continues the dialogue with the E.U. in order to be included in the list of beneficiaries of the Autonomous Trade Preferences of the E.U., a freer preferential trade regime. The set of documents presented by Moldova until now to obtain the Autonomous Trade Preferences comprises: bilateral trade exchanges between Moldova and E.U., trade exchanges between Moldova and Baltic Countries and CIS, the origin certification system for Moldovan exports, including transfer of competences from the Chamber of Commerce and Industry to the Customs Service in matters of origin, legal framework on certification of origin of exported goods, mode of authorisation of exports from the Transnistrian region of Moldova, etc.

In addition, authorities and economic agents fear that trade exchanges between Romania and Moldova will decline in the first three months of 2007 after cancellation of the free trade agreement between the sides. At the same time, they could be influenced by incapacity of Moldovan firms to meet and respect the E.U. standards. On the other hand, Chisinau authorities are optimistic with the new free trade agreement CEFTA, signed in Bucharest in late 2006.

### Monitoring grid 6. International trade

Indicators	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Evolution of international trade</b>	<ul style="list-style-type: none"> <li>Slow growth of exports;</li> </ul>	<ul style="list-style-type: none"> <li>Geographic reorientation of Moldovan exports;</li> <li>Diversification of markets by domestic exporters;</li> </ul>	<ul style="list-style-type: none"> <li>Quality of products will improve;</li> <li>Persistence of high production costs;</li> </ul>	<ul style="list-style-type: none"> <li>Moldova's status as WTO member;</li> <li>Better commercial policy;</li> </ul>	<ul style="list-style-type: none"> <li>Risk of new commercial barriers (from Russia, Ukraine) is not excluded;</li> <li>Uncertain situation of Moldovan workers;</li> </ul>	<b>+0.5</b>	MEC, NBS, NBM, Agro-Industrial Agency Moldova-Vin, estimates by authors;
	<ul style="list-style-type: none"> <li>Continued rise of trade deficit;</li> </ul>	<ul style="list-style-type: none"> <li>Internal demand is not covered;</li> <li>Production sector is on the decline;</li> </ul>	<ul style="list-style-type: none"> <li>Risk of negative consequences for exchange rate, inflation, economic growth, etc. persists;</li> <li>Savings and investments are substituted by consumption;</li> <li>Growth of external deficits (commercial, current account);</li> </ul>	<ul style="list-style-type: none"> <li>Society is still greedy of consumption;</li> <li>Economic circumstances do not stimulate saving;</li> </ul>	<ul style="list-style-type: none"> <li>Presence of commercial barriers from E.U. and Russia's restrictions;</li> <li>Domestic products still do not correspond to international quality standards;</li> </ul>		
	<ul style="list-style-type: none"> <li>Growth of exports to E.U. and Central and East Europe;</li> </ul>	<ul style="list-style-type: none"> <li>Massive exports to Slovakia, Poland, the United Kingdom, and Romania;</li> </ul>	<ul style="list-style-type: none"> <li>Tries (sometimes successful) to diversify export markets;</li> <li>Better marketing strategies of companies;</li> </ul>	<ul style="list-style-type: none"> <li>Russia's interdictions made producers identify alternative opportunities in E.U., Central and East Europe, and others;</li> </ul>	<ul style="list-style-type: none"> <li>Still low quality of some Moldovan products hardens their entry on western markets;</li> <li>Introduction of tariff barriers from E.U.;</li> </ul>		
<b>Commercial relations with Russia</b>	<ul style="list-style-type: none"> <li>Russia kept embargoing wine and food exports of Moldova in the 4<sup>th</sup> quarter, too;</li> </ul>	<ul style="list-style-type: none"> <li>Reasons of quality and certification of products predominated the negotiations between the sides;</li> <li>Russia's other interests besides economic ones;</li> </ul>	<ul style="list-style-type: none"> <li>Lost positions of Moldovan producers on Russian market;</li> <li>Serious reduction of collections from exports;</li> <li>Losses of Moldovan wine makers are estimated at about 180 million dollars;</li> </ul>	<ul style="list-style-type: none"> <li>Sanctions on quality reasons cannot be unilaterally introduced for all producers.</li> <li>Introduction of some European quality and standardisation systems;</li> </ul>	<ul style="list-style-type: none"> <li>Confluence of political and economic interests;</li> <li>Decline of confidence of economic agents for Russian market;</li> <li>Moldova granted <i>veto</i> for Russia's accession to WTO;</li> </ul>	<b>0</b>	MEC, NBS, NBM, estimates by authors;
	<ul style="list-style-type: none"> <li>Signing of a new agreement on imported natural gas;</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of a business strategy of Gazprom for „close neighbourhood“;</li> <li>Existence of some arrangements on energy sector between sides is not excluded;</li> </ul>	<ul style="list-style-type: none"> <li>Higher prices for housekeeping and some sectors of economy;</li> <li>Reduction of welfare of households;</li> </ul>	<ul style="list-style-type: none"> <li>On short term: Installation of individual and common meters;</li> <li>On long term: diversification of importers and reduction of energy-consuming nature of industry and infrastructure;</li> </ul>	<ul style="list-style-type: none"> <li>Absence of a long-term agreement on natural gas imports;</li> <li>More insistent involvement of Russia in management of Moldovan energy sector;</li> </ul>		
<b>Commercial policy</b>	<ul style="list-style-type: none"> <li>Efficient functioning of the single customs account, customs duty;</li> <li>Establishing of conditions for implementation of one-stop-shop for import/export of Moldovan products;</li> </ul>	<ul style="list-style-type: none"> <li>Tries to diversify markets;</li> <li>Conformity of domestic products with E.U. standards;</li> </ul>	<ul style="list-style-type: none"> <li>Statistics reveal larger deliveries to E.U. and Central and East Europe;</li> <li>On short-term: geographic diversification and diversification of sorts of exports;</li> </ul>	<ul style="list-style-type: none"> <li>Support of international and local organisations (E.U., WB, MEPO, etc.);</li> <li>Desire of producers and exporters to find new markets;</li> <li>Implementation of MSTQ strategy;</li> </ul>	<ul style="list-style-type: none"> <li>Low quality of some exported goods will not allow reorientation toward other markets;</li> <li>Shortage of funds for “aggressive” export promotion policies;</li> </ul>	<b>+1</b>	MEC, MEPO, estimates by authors;
<b>Trade regime with E.U.</b>	<ul style="list-style-type: none"> <li>Strong growth of exports to E.U. and Central and East Europe;</li> </ul>	<ul style="list-style-type: none"> <li>Geographic diversification of Moldovan products for export;</li> <li>Promotion of goods on new markets was better;</li> </ul>	<ul style="list-style-type: none"> <li>Economic agents are confident with joining new markets;</li> <li>Rise of share of exports that fall under incidence of trade preferences;</li> </ul>	<ul style="list-style-type: none"> <li>Geographic redirection of exports;</li> <li>Organisation of business forums and presentations of goods;</li> </ul>	<ul style="list-style-type: none"> <li>Economic agents are not informed well;</li> <li>Low number of business contacts with E.U.;</li> </ul>	<b>+1</b>	MEC, NBS, NBM, estimates by authors;
	<ul style="list-style-type: none"> <li>Continuation of negotiations on awarding of ATP.</li> </ul>	<ul style="list-style-type: none"> <li>Need to obtain a freer access to E.U. market for domestic production;</li> </ul>	<ul style="list-style-type: none"> <li>Higher fiscal savings;</li> <li>Growth of competitiveness through price;</li> </ul>	<ul style="list-style-type: none"> <li>Opening of E.U. toward cooperation;</li> <li>Intense activity of Moldovan authorities and diplomacy;</li> <li>Accession to CEFTA;</li> </ul>	<ul style="list-style-type: none"> <li>Quality of Moldovan goods;</li> <li>Inertia of some economic agents toward diversification of markets;</li> </ul>		

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## **7. BUSINESS CLIMATE**

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### ***Reform of commercial law***

On October 2, the Government approved and transmitted the draft law on limited societies to the Parliament. This law was approved to regulate better the activity of limited societies and to adjust the legislative framework to European rigours. Another important evolution is the voting of the law on housing in the first reading. At the same time, we consider that the adoption of a new dwelling code of civil constructions, which would integrate and unify the multitude of laws, decisions and regulations in this field, is a better option.

### ***Regulatory reform***

According to international reports released in the 4<sup>th</sup> quarter, the business environment in Moldova worsened in 2006 (2007 Business Doing Report by WB). According to the report, Moldova retrograded from the 88<sup>th</sup> place in 2005 down to the 103<sup>rd</sup> place in 2006. The retrograding in the World Bank's ranking was due above all to the faster progress of other countries. Business authorisation and licensing remain the most problematical fields. Stagnation of reforms in these fields was not compensated by progress of other sectors such as reduction of income tax for companies or facilitation of customs procedures.

The Parliament has passed in the first reading a draft law that annuls increases for late payments and fines. The law aims to encourage taxpayers to honour payments to the state budget, budgets of administrative-territorial units and mandatory health assistance funds. The law, if voted, will create derogation from the Tax Code, annulling 100 percent of the rise for late payments and 100 percent of the fine of taxpayer who did not have arrears in the record system of the State Tax Inspectorate on December 31, 2006. The effect of this law on quality of domestic business climate is doubtful, while its effects on fiscal discipline will be perverse.

### ***Competition***

On October 26, 2006 the Parliament adopted a law on improvement of economic-financial situation of the state-owned enterprise Moldtranselectro. The law annuls rises for late payments and fines of the enterprise as debts toward the state budget and penalties and interests afferent to credits obtained under additional agreements signed with the Ministry of Finance, calculated since the enterprise was reorganised. The law refers to an amount of 218 million lei. Developers consider that this reveals the absence of any understanding from legislators toward enterprises functioning under market conditions and creates a fiscal indiscipline in public sector of economy.

The National Agency for the Protection of Competition was not created in 2006 so far. This is a very serious failure that deteriorates much other performances in the field of business climate.

### ***Customs service***

Many important developments were observed in the customs service in the 4<sup>th</sup> quarter of 2006. The Customs Service of Moldova and the State Customs Service of Ukraine signed a protocol in November concerning exchange of preliminary information about cargoes and transports that cross the state border of Moldova and Ukraine. On December 11, the Government decided to begin negotiations on the draft Understanding Memorandum between the Customs Service of Moldova and the United Nations Conference on Trade and Development concerning development of the Integrated Customs Information System based on the software ASYCUDA World. The memorandum will allow the implementation of new modulus of the ASYCUDA World system.

The European Commission's Project Border Management – Simplification and Adjustment of Moldovan Customs Procedures was launched in December 2006. The project will be implemented in 2007 and it has a major importance for the Customs Service of Moldova. The concrete goals of the project are: reformation of the goods origin certification and control system, organisation of a post-clearance auditing, transparent relations with economic agents, approximation of national customs legislation to the community customs legislation on protection of rights to intellectual property and improvement of capacities of granting reciprocal administrative assistance for the prevention, investigation and combat of customs offences and frauds.

**Monitoring grid 7. Business climate**

Indicators	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Reform of commercial law</b>	<ul style="list-style-type: none"> <li>The Government approved the draft law on limited societies;</li> </ul>	<ul style="list-style-type: none"> <li>Unknown;</li> </ul>	<ul style="list-style-type: none"> <li>Better regulation of activity of limited societies;</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory reform (guillotine of laws);</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<b>+0.25</b>	Estimates by authors;
	<ul style="list-style-type: none"> <li>The Parliament passed the law on housing in the first reading;</li> </ul>	<ul style="list-style-type: none"> <li>Unknown;</li> </ul>	<ul style="list-style-type: none"> <li>Doubtful;</li> </ul>	<ul style="list-style-type: none"> <li>Need of making order in multitude of legislative and regulatory acts on housing;</li> </ul>	<ul style="list-style-type: none"> <li>Bureaucratic resistance and some corporate interests;</li> </ul>		
<b>Regulatory reform</b>	<ul style="list-style-type: none"> <li>Retrograding of Moldova in the WB 2006 business quality rating;</li> </ul>	<ul style="list-style-type: none"> <li>Too slow progress of regulatory reforms launched in 2005;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Conditioning of foreign assistance with continuation of reforms;</li> </ul>	<ul style="list-style-type: none"> <li>Resistance of central institutions and authorities against regulatory reform;</li> </ul>	<b>+1.0</b>	Estimates by authors;
	<ul style="list-style-type: none"> <li>The Parliament passed in the first reading a draft law that annuls rises for late payments and fines;</li> </ul>	<ul style="list-style-type: none"> <li>Corporate interests;</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of fiscal discipline;</li> </ul>	<ul style="list-style-type: none"> <li>Irrelevant;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>		
<b>Competition</b>	<ul style="list-style-type: none"> <li>NAPC was not created;</li> </ul>	<ul style="list-style-type: none"> <li>Hidden interests and corporate pressures on executive;</li> </ul>	<ul style="list-style-type: none"> <li>Unfair competition practices continue;</li> </ul>	<ul style="list-style-type: none"> <li>The Government committed itself to implement structural reforms;</li> </ul>	<ul style="list-style-type: none"> <li>Effective dependence of other regulatory agencies on Government;</li> </ul>	<b>0</b>	Estimates by authors;
<b>Customs Service</b>	<ul style="list-style-type: none"> <li>The European Commission launched the Project Border Management – Simplification and Adjustment of Moldovan Customs Procedures.</li> </ul>	<ul style="list-style-type: none"> <li>Unknown.</li> </ul>	<ul style="list-style-type: none"> <li>Simplification of customs procedures;</li> <li>Simplification and acceleration of export transactions.</li> </ul>	<ul style="list-style-type: none"> <li>Existence of a political need of reform;</li> <li>Financial support of some donors.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of necessary experience and human resources.</li> </ul>	<b>+1.0</b>	Estimates by authors;

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## **8. BORDER CONTROL**

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### ***Implementation of December 4, 2003 border control concept***

No important progresses were observed in the 4<sup>th</sup> quarter. The adoption of the law on Border Guard Service is late. In spite of the Priority Plan of MFAEI and Legislative Plan of Moldovan Parliament, this law was not adopted so far. E.U. experts are reconsidering the initial draft in order to meet recommendations. Significant progresses are not observed, in comparison with the precedent quarter.

Although it should be adopted in the last quarter of 2006, the state border guard concept was not adopted so far.

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

Progresses in this field are more important and, not the last, thanks to the active involvement of the E.U. The activity of the Border Assistance Mission continues to play a major role in improving the border management. Thus, the last report by EUBAM reveals a better cooperation between Ukrainian and Moldovan border guard services and resolution of some structural and information problems signalled in the May 2006 report by EUBAM (see Euromonitor # 4).

In order to improve the control on the Transnistrian section of the Moldova-Ukraine border, Moldova and Ukraine signed information exchange agreements on border control at trilateral talks held in Brussels on November 23, 2006. The agreements stipulate among others: 1) customs services of Ukraine and Moldova agree to implement an automatic information exchange system for cargoes that cross the common border; 2) border guard services of Moldova and Ukraine pledge to ensure a regular information exchange at national, regional and unit levels; 3) all four services will provide the information needed to work out an Assessment of Security of the Common Border, which will be presented every month at coordination sittings chaired by EUBAM. Benito Ferrero-Waldner, E.U. commissioner for external relations and neighbourhood policy, has described this progress as *„...a remarkable step forward made by the two countries to ensure a complete and transparent control on the common border, including the Transnistrian section... a direct result of cooperation between E.U. and the two states in the framework of the European Neighbourhood Policy...”*

At the same time, the Coordinating Council of EUBAM has made some recommendations for future: 1) cooperation within the Mission shall include the Ministries of Justice and the Prosecutor's Offices, as a step toward enhancing the cohesion of activity of border guards and customs services regarding discovered illegal activities; 2) anti-corruption activities held by these services shall be followed by an information campaign aimed to inform citizens about their rights and responsibilities while crossing the border.

Later, the Foreign Ministry and heads of the Security Services of Moldova and Ukraine reached new agreements at the December 14 meeting, in a move to strengthen cooperation regarding securing of the Moldova-Ukraine border. Thus, in order to combat the smuggling of goods, weapons, drugs, illegal migration and human trafficking, they agreed: 1) to inform the sides over such cases immediately, so that to ensure efficient and coordinated measures; 2) BAM will deliver reports, assessments and other communications worked out during the monitoring process to both security services. At the same time, the Mission will provide technical and methodological assistance to ensure an efficient control and a complete assessment of situation at the Moldova-Ukraine border.

### ***Continuation of Soderkoping process***

No significant progresses were observed in the last three months of 2006.

**Monitoring grid 8. Border control**

Indicators / Fields	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Cooperation with neighbouring countries in border management field</b>	<ul style="list-style-type: none"> <li>Progresses in securing the eastern border;</li> </ul>	<ul style="list-style-type: none"> <li>BAM, relevant authorities of Ukraine and Moldova;</li> </ul>	<ul style="list-style-type: none"> <li>Significant reduction of illegal trade and general number of offences in the Transnistrian section of the eastern border;</li> <li>More Transnistrian enterprises got registered in Chisinau;</li> <li>Better knowledge of Border Guard Service about European practices in the field of border control;</li> <li>Better professional capacity of staffs of Moldovan and Ukrainian Border Guard Services;</li> <li>Consolidation of cooperation between Moldovan and Ukrainian Border Guard Services;</li> </ul>	<ul style="list-style-type: none"> <li>Support of all participating parties for BAM;</li> </ul>	<ul style="list-style-type: none"> <li>Weaker stance of Ukrainian authorities in the context of the new customs regime and pedalling of the Transit Protocol by Russian authorities;</li> </ul>	+1	European Commission, MFAEI of Moldova, Parliament of Moldova, Border Guard Service of Moldova, Border Assistance Mission, Soderkoping Secretariat (Kiev, Ukraine);
	<ul style="list-style-type: none"> <li>Intensification of cooperation between border agencies in Central and East Europe;</li> </ul>	<ul style="list-style-type: none"> <li>Authorities of these states;</li> </ul>	<ul style="list-style-type: none"> <li>Better control on the Moldova-Romania border and regular information exchange;</li> </ul>	<ul style="list-style-type: none"> <li>Romania's accession to the E.U.;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>		
<b>Modernisation of border guard service</b>	<ul style="list-style-type: none"> <li>Functionaries of the Border Guard Service attend seminars organised by BAM and other interested actors;</li> </ul>	<ul style="list-style-type: none"> <li>BAM, Border Guard Services of Moldova and Ukraine, Latvia;</li> </ul>	<ul style="list-style-type: none"> <li>Consolidation of a joint cooperation base and promotion of European standards in the field;</li> </ul>	<ul style="list-style-type: none"> <li>More active involvement of BAM;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	0	The same except for the Soderkoping Secretariat.
	<ul style="list-style-type: none"> <li>Stagnated modification of legal framework on modernisation of the Border Guard Service;</li> </ul>	<ul style="list-style-type: none"> <li>Moldovan authorities;</li> </ul>	<ul style="list-style-type: none"> <li>Slower process of modernisation of the Border Guard Service;</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of the new regulatory framework;</li> </ul>	<ul style="list-style-type: none"> <li>Continued stagnation of the process;</li> </ul>		

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## **9. COMBAT OF HUMAN TRAFFICKING**

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### ***Evolution of phenomenon***

According to researches and analyses<sup>59</sup> cited by news agencies, the human trafficking was on the rise in the 4<sup>th</sup> quarter of 2006 and experts described it as one of the most pressing problems of the year. In addition, the phenomenon continues to produce huge gains of traffickers. At the same time, the human trafficking has reached "endemic sizes" in the past decade, covering an annual global market evaluated at 32 billion euros, representatives of the Council of Europe told an international conference on this issue that Athens hosted in December 2006. Most of victims of human trafficking were female in 2003-06, while 38 percent of traffickers were friends or relatives of victims. As a rule, the trafficking aims at sex industry (women), adoption (children), forced work or slavery (women, men, children), drawing of organs and human tissues.

At the same time, according to the centre for the struggle against human trafficking (CSHT), there are more and more cases of human trafficking via some national (cultural, sports, etc.) delegations, which leave for manifestations abroad. If trying to identify the intensity of this phenomenon in regions, it may have various features. The district of Ungheni, for example, may be characterised rather as a zone of transition for trafficked persons. The existence of international networks of traffickers (Ukrainians, Moldovans and Romanians) developed this phenomenon in late 2006<sup>60</sup>. The number of cases of human trafficking inside of the country has also grown. For example, CSHT officers held two persons in Ungheni in December 2006 on child trafficking and pimping charges. In addition, there were many cases when rural residents were trafficked for various purposes in urban areas.

### ***Coordination of actions***

The coordination of actions against human trafficking has visibly improved in the period concerned due to an efficient cooperation between state structures and competent organisations. For example, experts from more than 10 countries met in Chisinau in October at a regional roundtable themed Pan-European Dialogue: Exchange of Statistics and Information on Migration, which focussed on coordination of activities between public structures against human trafficking. In addition, Moldovan authorities posted interest to control the migration and look for permanent and efficient mechanisms to exchange information about illegal migration. At the same time, Moldovan parliamentarians have told a roundtable organised by the CoE Information Bureau in Moldova that the trafficking in human beings cannot be considered a periferical problem any longer, but a grave social issue. Some experts assure that Moldova holds all legislative levers to prevent and combat the human trafficking, but there are many shortcomings concerning the implementation of laws.

State bodies should assume more responsibilities concerning prevention and combat of human trafficking because this process particularly involves now international organisations and NGOs. At the same time, authorities should intervene to balance the financial situation in trials between trafficker and victim, to ensure confidentiality and protection of victims. Experts of the International Centre for the Protection and Promotion of Woman's Rights La Strada consider that the illegal migration, especially that linked to labour must be regulated, in order to combat human trafficking. Representatives of the International Organisation for Migration (IOM) consider that Moldova could influence the destination countries of victims via the CoE Convention Against Human Trafficking. Moldova was the first state to join the European Convention and it signed the CoE Convention Against Human Trafficking in May 2005, and the Parliament ratified it in March 2006.

### ***Preventing human trafficking and assisting victims***

Starting 2007, an assistance project for victims of human trafficking will be implemented thanks to efficient negotiations held between the Interior Ministry and the U.S. Embassy in Chisinau in the 4<sup>th</sup> quarter, while another project on protection of witnesses is planned. Local police bodies have achieved notable successes throughout years due to the support of the U.S Embassy in combating the organised crime, trafficking in drugs and persons, as well as other offences. In this regard, centres of assistance and protection of victims of human trafficking will open in Moldova at community level, while the Government has approved a framework regulation on organisation and functioning of these institutions. Victims will benefit of protection and temporary placement in these centres, and they will be socialised and reintegrated into families and community later. Under regulation, the centres will accommodate victims of human trafficking for 30 days or up to 6 months, if needed be. At the same time, the term of accommodation of victims will be extended for the duration needed for security of the victims, if a real danger threatens their lives and health.

The Ministry of Health and Social Protection will coordinate the opening of these centres and the monitoring of their activity. The expenditure for implementation of this decision will comply with annual allocations foreseen in these budgets. At present, Moldova has one institution of this kind – the rehabilitation centre under the aegis of the International Labour Organisation. The institution is based in Chisinau and offers temporary residence, psychological consultations, social services, health and legal assistance, educational programmes, creative activities and social reintegration assistance to its

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<sup>59</sup> The OSCE Mission to Moldova, the International Centre La Strada, IDIS Viitorul, 2006.

<sup>60</sup> Moldpres, December 10, 2006 (operative note by Interior Ministry);

patients. There are many cases when persons assisted by the rehabilitation centre cannot return to their families or are homeless. So, a national mechanism must be developed to ensure the continuity of the process of social reintegration of victims by opening similar centres at community level. At the same time, more than 2,000 victims of trafficking in human beings benefited of IOM assistance from 2000 to November 2006, of them 99 percent were women and children. Turkey, the Russian Federation, other countries in CIS, the United Arab Emirates, Moldova (there were cases of internal and international trafficking), and the Baltic States were the destination countries of human trafficking in 2006.

### *Combating the phenomenon*

Law bodies have discovered and annihilated many groups in the period concerned that aimed at human trafficking<sup>61</sup>. At the same time, the police held several persons who have appropriated very large amounts of money from people willing to get employed abroad, cheating them and abusing of their confidence. Our statistics reveal that CSHT officers discovered 416 cases of human trafficking in 11 months of 2006. They also discovered 39 branches of trafficking in persons, of them 23 aimed at sexual exploitation, 7 at labour exploitation, 3 at illegal migration and 1 targeted at beggary. Most of trafficking branches that aimed at sexual exploitation were registered in Turkey – 11 cases, followed by the Arab Emirates – 5, Romania and Kosovo – by 2, the U.S., Serbia and Montenegro – by one case.

Regional and international institutions work hard to combat the human trafficking. For example, police representatives from 18 states including Moldova participated in a meeting on struggle against trafficking in human beings in South East Europe, in December 2006 in Athens. Participants expressed the commitment of their states to prevent human trafficking, punish offenders and protect victims. Ninety persons were sentenced for human trafficking in 10 months of 2006 and 398 penal cases were filed on human trafficking charges in January-October 2006, of which 127 were delivered to law courts, according to data of the Prosecutor-General's Office.

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<sup>61</sup> MIA, [www.mai.md](http://www.mai.md).

**Monitoring grid 9. Combat of human trafficking**

Indicators	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Evolution of human trafficking</b>	<ul style="list-style-type: none"> <li>Higher number of trafficked persons (in particular, women and children);</li> </ul>	<ul style="list-style-type: none"> <li>Growing poverty in rural areas;</li> <li>Lack of decent jobs;</li> </ul>	<ul style="list-style-type: none"> <li>Polarizing of society;</li> <li>Abandonment of children;</li> </ul>	<ul style="list-style-type: none"> <li>Still passive involvement of decision-making factors;</li> <li>Reticence of public opinion;</li> </ul>	<ul style="list-style-type: none"> <li>Wider involvement of international and local organisations;</li> <li>Their awareness over negative effects of human trafficking;</li> </ul>	+0.5	La Strada, MIA, OSCE Prosecutor-General's Office; Estimates by experts;
	<ul style="list-style-type: none"> <li>New forms of practicing human trafficking were discovered;</li> </ul>	<ul style="list-style-type: none"> <li>Additional earning reasons;</li> <li>Diversification of trafficking networks;</li> </ul>	<ul style="list-style-type: none"> <li>Cases of corruption in structures in charge with combating human trafficking;</li> <li>Raising of doubtful incomes;</li> </ul>	<ul style="list-style-type: none"> <li>Indifference of former victims of human trafficking;</li> <li>Negligence of victims of human trafficking;</li> </ul>	<ul style="list-style-type: none"> <li>Presence of corruption in almost all fields of public life;</li> </ul>	0	
<b>Coordination of actions</b>	<ul style="list-style-type: none"> <li>Positive developments were registered;</li> </ul>	<ul style="list-style-type: none"> <li>Better coordination between law bodies and competent organisations in charge with combating human trafficking;</li> <li>More efficient cooperation between competent authorities and structures;</li> </ul>	<ul style="list-style-type: none"> <li>Rise of the number of persons who fell under incidence of law and were sentenced;</li> <li>Society becomes more receptive toward human trafficking;</li> </ul>	<ul style="list-style-type: none"> <li>Processing of systematised data is difficult;</li> <li>Organisations from province are more inert;</li> </ul>	<ul style="list-style-type: none"> <li>Record of human trafficking is difficult without a tight cooperation and out of any interests;</li> <li>Trials are not very transparent;</li> </ul>	+1	La Strada, MIA, OSCE Prosecutor-General's Office; Estimates by experts;
<b>Prevention of human trafficking and assistance of victims</b>	<ul style="list-style-type: none"> <li>Positive actions in this direction;</li> </ul>	<ul style="list-style-type: none"> <li>Many people still are indifferent toward this phenomenon;</li> <li>Level of information and awareness of population has visibly grown;</li> <li>Involvement of foreign diplomatic missions;</li> </ul>	<ul style="list-style-type: none"> <li>Financial and logistic contribution to prevention and assistance of victims of human trafficking;</li> <li>On medium and long terms: population could be more receptive and cautious;</li> </ul>	<ul style="list-style-type: none"> <li>Support of international organisations;</li> <li>Desire of local actors to get involved more insistently in preventing this phenomenon;</li> <li>Enforcement of the regulation on organisation and functioning of competent institutions;</li> </ul>	<ul style="list-style-type: none"> <li>Lack of a data collection system;</li> <li>Short financial resources to finance actions for the prevention of human trafficking;</li> <li>Public opinion is not informed well about consequences of this phenomenon;</li> </ul>	+1	La Strada, MIA, OSCE Prosecutor-General's Office; Estimates by experts;
<b>Combating the phenomenon</b>	<ul style="list-style-type: none"> <li>Groups of human traffickers were annihilated;</li> </ul>	<ul style="list-style-type: none"> <li>Mobilisation of human and financial resources;</li> <li>Cooperation between competent NGOs and law bodies;</li> <li>International cooperation;</li> </ul>	<ul style="list-style-type: none"> <li>Rise of the number of persons sentenced for practicing human trafficking;</li> <li>Mass media was more receptive toward mediation of this phenomenon;</li> </ul>	<ul style="list-style-type: none"> <li>Victims of human trafficking are more receptive in cooperation with police bodies;</li> <li>Conduct of forums on combat of human trafficking;</li> </ul>	<ul style="list-style-type: none"> <li>Inertia of district commissions to combat human trafficking;</li> <li>Limited funds for the struggle against this phenomenon;</li> <li>Staff inflow in police bodies.</li> </ul>	+1	La Strada, MIA, OSCE Prosecutor-General's Office; Estimates by experts;
	<ul style="list-style-type: none"> <li>More intense development of international cooperation;</li> </ul>	<ul style="list-style-type: none"> <li>Need of obtaining better results in combating human trafficking;</li> </ul>	<ul style="list-style-type: none"> <li>Obtained experience;</li> <li>Growth of promptness;</li> </ul>	<ul style="list-style-type: none"> <li>Opening of regional structures in charge with fighting human trafficking;</li> <li>Intense activity of Moldovan NGOs;</li> </ul>	<ul style="list-style-type: none"> <li>Still low promptness of law bodies;</li> <li>Insufficient cooperation with similar structures from the region;</li> </ul>		

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## **10. MIGRATION MANAGEMENT**

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### ***Assessment and monitoring of migration***

Last year, progress in this field was delayed by institutional suspension, as the National Bureau for Migration was closed up. Institutional reconfiguration that developed into the Bureau for Migration and Asylum in the Interior Ministry has seriously affected progresses of Moldova in implementing the EUMAP, firstly through the excessive duration of the process (about 8 months), a fact that deteriorated the relations with donors and produce a loss of institutional memory after an important side of qualified personnel, in which much was invested in the past years, was not included in new structures. At the same time, one side of population that sought some services of the former National Bureau for Migration has suffered. However, the structure of the new bureau was definitively established and the new institution took over many activities of its predecessor.

The decision to finish an integrated information system for migration monitoring under the auspices of MFAEI, which will allow relevant state structures to exchange information and to work out relevant policies, is an important progress. MIA, MID, MEC, Border Guard Service and other state structures with relevant competences will benefit of this system first of all. We note that many participating state structures hold their databases, but they are not integrated and are at different development levels. For example, the Border Guard service has a well-done system, while MIA and MEC have just begun this process.

The study Migration and Remittances. Moldova 2006, worked out by IOM with the support of ASDI will contribute to quality of migration monitoring. This study focuses on assessment of migration trends and inflows and remittances and it will be finished by the end of this year.

### ***Alignment of national legislation to European legislation***

The project Capacity Building for Developing Migration Management Procedures and Migration Policies in the Republic of Moldova, financed by ASDI and implemented by IOM jointly with Moldovan Government, includes a component regarding assessment of the present legal and development framework and its adjustment to European and international standards. Activity of experts will begin not earlier than in January 2007.

In addition, adjustment of legislation to these fields will require in the near future the priority approach of visa/travel, residence policies (entrance/leave/stay), simplification of regime of employment of persons in third countries, reunification of families (detention/expulsion/deportation/extradition), readmission.

### ***Visa policies***

The Ministry of Foreign Affairs and European Integration works hard to sign readmission and visa facilitation agreements with the E.U., and it even has an action plan in this respect. Unfortunately, like said by many competent experts, progresses in this area depend on Moldovan authorities in a smaller measure and on Brussels authorities and E.U. member states at a bigger extent. However, the consent of member states to empower officials of the European Commission to negotiate a facilitated visa regime and to sign the readmission agreement is an important diplomatic success of the Ministry of Foreign Affairs and European Integration. Completing the negotiations with the European Commission by April-May 2007 is the best solution for Moldovan diplomacy, since the negotiated agreements will undergo a long procedure of ratification by European Parliament. In this respect, the existence of an integrated migration monitoring system would be a serious trump for Moldova to obtain good results of negotiations.

Another proposal backed inclusively by the E.U. commissioner for justice, freedom and security, Franco Frattini, which seeks the opening of a Joint E.U. Visa Issuance Centre, has become more important after Romania joined the E.U. (many consulates of E.U. member states are based in Bucharest). However, progresses in this respect are limited since only some member states have demonstrated a special interest for participation in such a centre. Perhaps, only a limited number of states will participate at the first stage in the opening of such a centre, which will be in charge with collecting visa applications and delivering them to base consulates in Bucharest or Kiev. Next progresses in consolidating the centre will depend in a big measure on Moldova's accomplishments in the process of implementation of EUMAP, first of all in the field of migration management.

**Monitoring grid 10. Migration management**

Indicators	Developments in 4th Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 4th quarter of 2006	Sources used for assessment
<b>Monitoring, assessment and management of migration</b>	<ul style="list-style-type: none"> <li>Stimulation of the process of negotiation of a facilitated visa regime and readmission agreement with E.U.;</li> </ul>	<ul style="list-style-type: none"> <li>Finalisation of the process of constitution of the new BfMA, which takes over the main competences of the former NBMi;</li> </ul>	<ul style="list-style-type: none"> <li>Resumption of cooperation in the field of migration;</li> <li>Stimulation of the process of negotiation of a facilitated visa regime;</li> </ul>	<ul style="list-style-type: none"> <li>Bigger pressures on national authorities to complete the process of negotiation of a facilitated visa regime;</li> </ul>	<ul style="list-style-type: none"> <li>More efforts will be needed to train new personnel and restore institutional memory due to the deficient manner in which institutional changes have been operated;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>European Commission;</li> <li>Moldovan Parliament;</li> <li>MFAEI;</li> <li>IOM;</li> <li>Winrock;</li> </ul>
	<ul style="list-style-type: none"> <li>Participation of Moldova in AENEAS Programme;</li> </ul>	<ul style="list-style-type: none"> <li>Moldovan authorities, European Commission;</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of capacities to implement migration and asylum policies;</li> </ul>	<ul style="list-style-type: none"> <li>Active interest of European Commission and various actors from Moldova;</li> </ul>			
<b>Alignment of legislation on migration to E.U. norms</b>	<ul style="list-style-type: none"> <li>Finalisation of institutional transformation of NBMi into BfMA;</li> </ul>	<ul style="list-style-type: none"> <li>Finalisation of institutional transformation of NBMi into BfMA;</li> </ul>	<ul style="list-style-type: none"> <li>Resumption of activities within the Project Capacity Building for Developing Migration Management Procedures and Migration Policies in the Republic of Moldova;</li> </ul>	<ul style="list-style-type: none"> <li>Definitive clarification of structural transformations after the NBMi closed and MEC and MIA took over its functions;</li> </ul>		+0.5	<ul style="list-style-type: none"> <li>The same, except for Winrock;</li> </ul>
	<ul style="list-style-type: none"> <li>Slow progress in signing readmission agreements with E.U.;</li> </ul>	<ul style="list-style-type: none"> <li>Moldovan authorities and the states concerned;</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to obtain an easier visa issuance regime (for example, cost, duration of procedure, etc.);</li> </ul>	<ul style="list-style-type: none"> <li>Restricted temporary framework;</li> <li>Efforts of MFAEI;</li> </ul>	<ul style="list-style-type: none"> <li>Institutional inertia of actors participating in this process.</li> </ul>		

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## **ABOUT PROJECT AND ORGANISATIONS**

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

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

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

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

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

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