



## **EXPERT-GRUP and ADEPT**

### **Authors:**

**Valeriu PROHNITCHI  
Alexandru OPRUNENCO**

**Igor BOTAN  
Iurie GOTISAN  
Sergiu BUSCANEANU**

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Assessment of progress in 1st Quarter of 2007**

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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;  
CCTP – Centre for the Combat of Trafficking in Persons;  
EUBAM – European Union Border Assistance Mission to Moldova and Ukraine;  
NBS – National Bureau for Statistics of the Republic of Moldova;  
CHRM – Centre for Human Rights of Moldova;  
EC – European Commission;  
CEC – Central Electoral 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;  
PGO – Prosecutor-General’s Office;  
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 fair monitoring of the process of implementation of the Moldova – European Union Action Plan. The actions taken and implemented by the signatory parties of the Action Plan will be monitored every quarter.

The Euromonitor series are published in 2007 with the support of the Soros-Moldova Foundation as part of the project “Moldova – European Union Action Plan – A document accessible to public (the 2nd phase)”. The monitoring methodology did not essentially change in comparison with the other 5 issues of Euromonitor, which covered the developments in 2006. The main changes are linked to the structure of publication. Starting with the 7<sup>th</sup> issue, the chapter “Border control” will be part of the chapter “Transnistrian conflict”, “Migration management” with the chapter “Combat of trafficking in human beings”. The social reforms will be studied separately of economic reforms. The market institutions and the business climate will be also analysed distinctively. Thus, starting with the 7<sup>th</sup> issue, the progress of implementation of the Action Plan will be assessed in the following main fields:

1. Democratic institutions;
2. Transnistrian conflict and border control;
3. Consolidation of administrative capacity;
4. Justice;
5. Economic development and reforms;
6. Social development and reforms;
7. International trade;
8. Business climate;
9. Market institutions;
10. Migration management and combat of trafficking in human beings.

Developers have tried to identify what they regarded as key progresses and main failures. However, this does not mean that certain important segments have not been covered by this analysis. Developers have worked out a list of quality and quantity indicators for every area in order to assess the progress. Independent experts in the area have been consulted in this context. The quantity indicators have been taken over from official statistics and other national and international reports. The quality indicators have been quantified on basis of assessments by experts, or individual assessments by experts have been worked out. 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 by 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 1st quarter of 2007, factors that conditioned this evolution, practical impact on observed developments, circumstances that favour the future progress, the risks capable to compromise the progress, as well as the size of progress.

The Action Plan is a document formulated in ambiguous terms. It represents a (unfinished) strategy rather than a proper action plan. Although ambiguous terms and the lack of clear indicators could be politically advantageous, depending on circumstances, this situation complicates a comprehensive and fair 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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**RESUME**


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A certain regress was observed in the field of **democratic institutions** in the 1<sup>st</sup> quarter of 2007. Practices of violation of human rights continued, the ECHR sentenced Moldova in another 10 cases. Some obstacles capable to influence the participation of some opposition parties in the 2007 local elections have appeared. An important regress was observed in the field of mass media. The conduct of police toward representatives of some media institutions is a clear example of intimidation of journalists. Some moderately positive evolutions are observed in cooperation between authorities, civil society and CoE.

The process of “5+2” negotiations on **Transnistrian problem** was still blocked. The only clear success was achieved in securing the Transnistrian section of the Moldovan-Ukrainian border with the support of the E.U. Border Assistance Mission. Transnistrian economic agents obtain a better access to European commercial preferences in the context of introduction of the joint Moldovan-Ukrainian customs regime. Certain progresses are achieved in the direct cooperation between E.U. and Moldova concerning the Transnistrian problem. In particular, the E.U. has extended the travel ban on 17 Transnistrian leaders.

As regards the **administrative capacity**, some progresses were observed in the field of administrative reform and administrative efficiency. However, the situation has worsened in terms of depoliticising the public administration, particularly due to the forthcoming general local elections. There are cases when persons who do not cooperate with the ruling party or do not have enough political coverage are discouraged and even persecuted and those politically protected gain legal protection.

The reform of the **judiciary** was marked by some positive but insufficient developments. The alternative ways of settling litigations are developing more intensively; a new law on mediation is drafted. There are attempts to tackle more actively the efficiency of prosecutor’s office. Some indicators of situation in prisons are improving; new projects on social reintegration and assistance of inmates are launched. However, the higher number of ECHR judgments against Moldova, the insufficient finances, corruption, and behaviour of justice representatives are eroding the situation and image of national justice. Judges continue to be pressured, the rapid and comprehensive execution of judgments is not ensured.

The industrial recession and continuation of the commercial conflict with Russia have compromised the **economic development**. The industrial recession is worsening the structural disequilibrium of Moldovan economy, poverty and inequality of incomes. Although the real salary is growing in continuation, the decline of purchase power of salary in industry, education and healthcare cannot be neglected. The macroeconomic stability ensured by active presence of NBM on monetary market is on the positive balance, with sterilisation operations of the central bank reducing but not eliminating all inflationist risks. The 19-percent rise of prices of industrial producers in February is very alarming. Also, the number of governmental decisions allocating funds for doubtful and non-transparent destinations and projects increased much in the 1<sup>st</sup> trimester.

The social dialogue, better saying its absence, was an element that undermined previous achievements in the field of **social development**. The Government made two very sensitive decisions – it postponed the rise of salaries for some budgetary categories and annulled the entrepreneur’s patents for some commercial activities, without holding open and sincere consultations with the categories concerned. Also, it made some necessary decisions on education: a regulation on accommodation of schoolchildren and students in hostels, methodology of calculation of accommodation fees and a regulation on formation and use of special funds in educational institutions. The adoption of a law on fighting HIV/AIDS was another important progress in the 1<sup>st</sup> quarter. As usually, Moldova is behind with executing, rather than adopting laws.

The negative trends of **foreign trade** were stronger in the 1<sup>st</sup> quarter of this year (strong rise of imports and stagnation of exports) than in 2006. The persistence of the Russian embargo on Moldovan wines was a factor that halted the commercial growth. The start of the procedures aimed at awarding the Autonomous Trade Preferences by E.U., following the proactive attitude of Moldovan diplomacy, fulfilment of basic technical requirements by competent bodies of Moldova and readiness of the European Commission to liberalise more the trade with Moldova, is a significant progress. The “verbal” restriction of exportation of wines in bulk by Moldova-Vin Agency, the reaction of Belarus that banned the imports of bottled wines and the “solution” found to restart the wine exports to Belarus were the gravest regress in the period concerned.

Some positive but very moderate achievements are observed in the field of **investment climate**. Firstly, the Parliament appointed a director and deputy director of the National Agency for the Protection of Competition (NAPC). Although the NAPC is not completely functional, this decision is welcome after a long stagnation of reform. The strategy on reform of state regulation of entrepreneurial activity was adopted in the 1<sup>st</sup> trimester. Unfortunately, no essential progress was observed in the effective continuation of regulatory reform.

Some progresses were achieved in the **border control** sector, notably in the field of ensuring the control on the Transnistrian section of the Moldovan-Ukrainian border, monitoring and assessment of migration and facilitation of visa regime with E.U. The progress in opening the common European visa centre was remarkable on behalf of the E.U. The progress in training and modernising the Border Guard Service was not very remarkable. The legal delay of the service reform is the main factor of stagnation of reform. Also, the process of signing readmission agreements with E.U. member states is slowly developing.

Data on **trafficking in human beings** show that the situation does not significantly improve, with the number of victims of trafficking continuing to be high. A better cooperation is observed between structures in charge with monitoring and evaluation of human trafficking and state bodies, but the processing and systematisation of data are still difficult. The cooperation of international and national missions in preventing and assisting the victims of human trafficking has improved. Many human traffickers have been sentenced under the Penal Code.

## 1. DEMOCRATIC INSTITUTIONS

### General findings

A number of regulations on human rights were adopted in the 1<sup>st</sup> quarter of 2007. Although the legal framework in this field was consolidated, there are discontinuities at level of practical respect for human rights. There are many violations of human rights, with the ECHR sentencing Moldova in 10 more cases.

Opposition parties face obstacles capable to influence their participation in the 2007 local elections.

Authorities and civil society cooperate in continuation. At the same time, this partnership must be more active and more consolidated. Also, authorities shall be more receptive toward recommendations of CoE and other international organisations interested in an adequate functioning of democratic institutions in Moldova.

The situation of mass media has regressed much in the period concerned. The reorganisation of municipal channels Antena C and Euro TV Chisinau was not based on a wide societal consensus; the TRM continued promoting an editorial policy in favour of authorities, while the conduct of police toward journalists of PRO-TV Chisinau and DTV channels is a clear example of intimidation of mass media representatives.

### Human rights

#### Significant developments:

- ☞ Adoption of the **law on protection of personal data**. It regulates the conditions of collection of information, storing, processing and use of personal data and aims to guarantee the protection of the right of individuals to private life.
- ☞ The Government adopted on February 21, 2007 a decision that approves the regulation on restitution of value of goods by paying compensations to victims of political repressions and paying a compensation for persons who died after repressions. The document stipulates that the value of goods which were confiscated, nationalised or dispossessed in connection with political repressions will be returned under the shape of compensations and a 540-leu single compensation will be paid for every person who was executed or lost his/her life during or after political repressions.
- ☞ **Shortcomings and existing problems:**
- ☞ The main violations of human rights documented by ECHR include: ignorance of legislation on petitioning, non-execution of judgments, torture and inhuman treatment used by Interior Ministry and other law enforcement bodies, problems in penitentiary system.<sup>1</sup>
- ☞ There are difficulties in cooperation between CHRM and Interior Ministry, Ministry of Education and Youth, Ministry of Justice, Prosecutor-General's Office, Superior Council of Magistracy for an operative examination and settlement of cases linked to violation of human rights.<sup>2</sup>
- ☞ The status of CHRM was not revised to strengthen its role in protecting the human rights.
- ☞ The ECHR has sentenced Moldova in 10 cases in the period concerned, notably in the cases *Kommersant Moldov vs Moldova*, *Mihalachi vs Moldova*, *Pruteanu vs Moldova*, *Bujnita vs Moldova*, *Avramenko vs Moldova*, *Venera-Nord-Vest Borta AG vs Moldova*, *Moldovahidromas vs Moldova*, *True Orthodox Church of Moldova and others vs Moldova*, *Castravet vs Moldova*, and *Istrati and others vs Moldova*.<sup>3</sup>
- ☞ Although the ECHR has sentenced Moldova more than once, the glass wall in the Preventive Detention Facility of CCCEC for meetings between lawyers and their clients is still there.
- ☞ The Interior Ministry still administrates the preventive detention facilities, though competent national and international organisations are recommending their transfer to the Ministry of Justice.

<sup>1</sup> These are the main problems related to respect for human rights documented by ECHR and told to President Vladimir Voronin at a February 21, 2007 CHRM-hosted meeting.

<sup>2</sup> Idem.

<sup>3</sup> Moldova will have to pay damages in the amount of 93,463 euros in the 10 cases.



## **Prevention of torture. Rights of detainees**

### **Progresses:**

- ☞ The **law on modification and completion of the Execution Code** was adopted in the period concerned. It introduces regulations on execution of arrest and administrative arrest.

### **Shortcomings and existing problems:**

- ☞ Inmates continue to signal inadequate detention conditions in prisons. Many complaints delivered to the CHRMs signal this problem.

## **Rights of employees**

### **Progresses:**

- ☞ The national commission for collective consultations and negotiations approved on February 15 the framework regulation on organisation and functioning of commissions for collective consultations and negotiations at level of branch and territory.
- ☞ The **March 22, 2007 law on modification of the law on pay system in budgetary sector** was adopted in the period concerned. The document stipulates the rise of salaries in three rounds.<sup>4</sup>
- ☞ New amendments to legislation are worked out to improve the access to the labour market.

### **Shortcomings and existing problems:**

- ☞ Salaries, particularly in budgetary sector, still do not cover the cost of a decent living.
- ☞ Important segments of budgetary workers seek higher salaries.
- ☞ Still there is a big discrepancy between minimum salary and minimum consumption basket. A law on minimum consumption basket is needed.<sup>5</sup>

## **Equal chances**

### **Progresses:**

- ☞ Adoption of the **March 1, 2007 law on prevention and combat of domestic violence**. The law derives from national plans on human rights and commitments assumed by Moldova in front of E.U. and other international organisations. It aims to protect and consolidate the family and to strengthen the mechanism of ensuring equal chances to women and men in exercising their human rights.
- ☞ The Interior Ministry has approved an action plan on combat of domestic violence.
- ☞ The Government has adopted **decisions on reorganisation of some administrative bodies**. The documents approve the structure of maximum personnel and a regulation on organisation and functioning of the Ministry of Social Protection, Family and Child.<sup>6</sup>

### **Shortcomings and existing problems:**

- ☞ Women still are underrepresented in bodies of local authorities of various levels, they are discriminated while employed and remunerated.
- ☞ Women are not often encouraged to bid for high-ranking vacancies.

<sup>4</sup> Many opposition parliamentarians described these rises as populist, aimed to influence the electors prior to local elections, they criticised the implementation mechanisms and the lack of clear criteria to argue the remuneration of various categories of workers.

<sup>5</sup> Participants in a protest held by CSRM in Chisinau on February 22 also raised this demand. CSLM Solidaritate did not attend the protest.

<sup>6</sup> Such a ministry was part of the Tarlev I Government, but it was closed following the reformation of the executive after the 2005 parliamentary elections.

## ***Rights of the child***

### **Progresses:**

- ☞ The Parliament adopted the **February 22, 2007 law on ratification of the Optional Protocol to the Convention on Rights of the Child, Sale of Children, Child Prostitution and Child Pornography**.
- ☞ The Government has given green light to the rise of the single birth indemnity from 800 lei up to 1,000 lei starting January 1, 2007.
- ☞ The pilot study of community action was implemented. The goal of this activity is to directly rally children who face difficulties or children from residential institutions in community actions. The findings of the pilot study will be used as basis for elaboration of a model of community actions nationwide.

### **Shortcomings and problems:**

- ☞ Many children (10,350) still stay in residential institutions.
- ☞ Authorities still do not pay much attention to children whose parents are working abroad.

## ***Ensuring the rights to association***

### **Progresses:**

- ☞ The Confederation of Free Trade Unions of Moldova (CSLM) Solidaritate has invited the Confederation of Trade Unions of Moldova (CSRSM), unionist bodies of all levels and all members of unions for reunification of the unionist movement.<sup>7</sup>
- ☞ The State Service for Cults recognised on March 7 the right of the Metropolitan Church of Bessarabia to historical, canonical and spiritual succession in relations with the homonymous institution that functioned in the territory of the Republic of Moldova in the interwar period.<sup>8</sup>

### **Shortcomings and problems:**

- ☞ The European Action Movement (EAM) has signalled the violation of the right to association, as the Ministry of Justice delayed its registration for about three months without any grounds. EAM leaders have said more than once that the registration of their movement was delayed to prevent its participation in the June 2007 general local elections.<sup>9</sup>
- ☞ The Ministry of Justice has delayed the registration of changes in the PSDM leadership adopted at the November 4, 2006 congress of the party. The Court of Appeal told the Ministry of Justice on February 27, 2007 to introduce the changes related to the new PSDM leader in the register of parties.
- ☞ Opposition parties face obstacles capable to seriously influence their ability of participation in political activities, including preparation for the 2007 local elections.<sup>10</sup>
- ☞ Proceedings against leaders of some opposition parties (Nicolae Andronic, chairman of PPR, and Eduard Musuc, chairman of PSDM), could reveal another problem in this area. Both persons claim that their trials have a "political nature".
- ☞ The March 27 arrest of a group of representatives of the Liberal Party who were walking to commemorate

<sup>7</sup> The appeal reveals that the reunification is supported by union members who ask the leaders of both unionist confederations to take concrete measures for consolidation of unionist structures into a single national inter-branch centre, which would meet the requirements and major interests of union members. CSLM Solidaritate considers that the reunification will strengthen the relations with social partners and international organisations with the view to create a social climate based on mutual respect and social prosperity. Fourteen branch unions which created the CSLM Solidaritate withdrew in 2000 from FGSRM, predecessor of CSRSM.

<sup>8</sup> However, the Moldovan Government does not recognise the legal succession of the Metropolitan Church of Bessarabia on its properties from interwar period.

<sup>9</sup> The Ministry of Justice did not register the EAM because, it said, 123 out of 6,639 signatures delivered to the ministry were false. Under the Law # 718-XII from 17.09.91 concerning parties and other socio-political organisations, a political party is registered if it has at least 5,000 members (Article 5).

<sup>10</sup> The OSCE Mission to Moldova (2007a), „The OSCE Mission head is concerned over actions against opposition parties.” The website of the OSCE, <http://www.osce.org/item/23609.html>

some historical personalities. The OSCE Mission to Moldova,<sup>11</sup> the Moldovan Journalists Union,<sup>12</sup> nongovernmental media organisations,<sup>13</sup> the Coalition-2007<sup>14</sup> have described this action as inappropriate and as an attempt to intimidate citizens who do not share the official visions.

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

### **Progresses:**

- ☞ Authorities are opened and receptive in dialogue with CoE and other organisations interested in an adequate functioning of democratic institutions in Moldova.
- ☞ The Moldovan Government is generally executing the ECHR judgments.
- ☞ The Parliament of Moldova adopted on March 29, 2007 some amendments to the law on publication and enforcement of official acts. Under amendments, summaries of ECHR decisions and judgments on Moldova will be published in *Monitorul Oficial*.

### **Shortcomings and problems:**

- ☞ There are cases when national normative acts are adopted without a preliminary survey by CoE experts and CoE recommendations are ignored.<sup>15</sup>
- ☞ The principle of dismissal of tComrat mayor was not executed and reasons of proceedings against leaders of national and local opposition were not investigated.
- ☞ The adoption of new laws on meetings, religious denominations cults, status of the Chisinau municipality, consolidation of parliamentary immunity, code of laws on education is late.
- ☞ Insufficient measures are taken to prevent future sentencing by ECHR. The mechanism of individual responsibility of persons who are to blame for sentencing of Moldova by ECHR is not very efficient.

## **Cooperation with civil society**

### **Progresses:**

- ☞ The Parliament has manifested receptiveness and interest toward claims of public organisations to improve the draft law on modification and completion of the Law # 837-XIII from May 17, 1996 concerning public associations,<sup>16</sup> worked out by Government and adopted by Parliament in the first reading in November 2006. The speaker met last February representatives of public organisations interested in improving the draft law before its adoption in the second reading by legislature. He assured that the draft law will be adopted after a consensus is reached with civil society.
- ☞ The parliamentary legal commission for rules and immunities has delivered to public organisations the results of its deliberation on amendments recommended by NGOs, and a joint meeting of legislators and civil society representatives will take place before examination of the draft in the second reading or its delivery to CoE for expertise.
- ☞ The Ministry of Foreign Affairs and European Integration (MFAEI) has released for public debates the draft **memorandum on cooperation between MFAEI of RM and organisations of civil society in the European integration process**<sup>17</sup> and the **draft strategy on information and communication for European integration of Moldova**.<sup>18</sup>

<sup>11</sup> The OSCE Mission to Moldova (2007b), „OSCE Mission Head concerned over repeated restrictions on media freedom in Moldova”, March 28, 2007, the website of the OSCE, <http://www.osce.org/item/23833.html>.

<sup>12</sup> MJU (2007), Statement by the Moldovan Journalists Union, March 27, <http://www.azi.md/tribune?ID=43773>

<sup>13</sup> Statement by mass media organisations concerning attempts to suppress the freedom of expression, March 27, 2007, website of IJC, <http://ijc.md/ro/news.shtml#1061814298>.

<sup>14</sup> Coalition-2007 (2007), Statement on police abuses, March 28.

<sup>15</sup> Vladimir Ristovski, special representative of CoE secretary-general to Moldova, said this at a news conference on March 16.

<sup>16</sup> The Parliament of Moldova (2006), draft law on modification and completion of the Law # 837-XIII from May 17, 1996 concerning public associations, the website of the Moldovan Parliament, <http://www.parlament.md/download/drafts/ro/3364.2006.doc>.

<sup>17</sup> MFAEI (2007a), (Draft) memorandum on cooperation between MFAEI of RM and organisations of civil society in the European integration process, website of MFAEI, [http://www.mfa.md/img/docs/memorandum\\_privind\\_cooperarea\\_in\\_procesul\\_integrarii\\_europene.doc](http://www.mfa.md/img/docs/memorandum_privind_cooperarea_in_procesul_integrarii_europene.doc)

<sup>18</sup> MFAEI (2007b), (Draft) strategy on information and communication for European integration of Moldova, website of MFAEI, <http://www.mfa.md/img/docs/Strategia-Informare-si-Comunicare-IE-PROIECT.pdf>

**Shortcomings and problems:**

- ☞ Many important NGOs consider that the draft **law on modification and completion of the Law # 837-XIII from May 17, 1996 concerning public associations** is capable to introduce groundless obstacles and restrictions in the process of registration and development of activities of public associations in Moldova.<sup>19</sup>
- ☞ Transparency and opening of authorities toward NGOs are still insufficient. They declined after the live broadcasting of plenary sittings of the Parliament was suspended.
- ☞ Undeveloped human and institutional, expertise and assistance capacities of NGOs.
- ☞ Opinions of public organisations in fields of unsatisfactory capacities are often neglected.

**Freedom of mass media and access to information****Progresses:**

- ☞ The electronic media watchdog has drafted the **strategy on coverage of national territory by broadcasting services (2007-2010)**.
- ☞ A law court has awarded victory to three journalists and publications Cuvintul (Rezina) and Ziarul de Garda, sued by Rezina mayor and two functionaries after an investigative article titled „Guvernare in stil rezinean” (Rezina-style governing) was published in September 2006.

**Shortcomings and problems:**

- ☞ Many violations were found in the process of reorganisation of the municipal channels Antena C and Euro TV Chisinau and further developments around them, notably harming of public interest, ignorance of municipal community and rights of staffs, violation of the right of the public to information,<sup>20</sup> clear limitation of free information space.<sup>21</sup> Developments around municipal channels do not meet the recommendations made in December 2006 by the OSCE Mission and ten diplomatic missions in a joint statement on situation of these channels.<sup>22</sup>
- ☞ The CCA decision not to extend the broadcasting licence of the Balti-based radio channel FM-103.5 under non-transparent conditions is described as biased<sup>23</sup> and disproportional.<sup>24</sup>
- ☞ TRM did not actually progress in turning into a true independent public service.<sup>25</sup>
- ☞ A team of PRO-TV cameramen was held, a record of a DTV team was stolen and demagnetised on March 27 and the circulation of the Balti-based newspaper SP was arrested on March 28. These are inappropriate actions and restrictions of freedom of expression. (See the reactions of CCA,<sup>26</sup> OSCE Mission to Moldova,<sup>27</sup> MJU,<sup>28</sup> nongovernmental media organisations,<sup>29</sup> Coalition-2007<sup>30</sup>).
- ☞ There are not strict and fair criteria to be applied on mass media while awarding the state financial support. Many district newspapers financed unfairly from public funds unilaterally cover the information needs of political majority.<sup>31</sup>

<sup>19</sup> Open appeal of public organisations to the Parliament leadership, January 23, 2007.

<sup>20</sup> APEL et. al. (2007), Monitoring on implementation of the Broadcasting Code, Info-Prim Neo, February 7, [www.info-prim.md](http://www.info-prim.md)

<sup>21</sup> Joint statement: concerns over press freedom, March 14, 2007, <http://www.azi.md/print/43594/Ro>.

<sup>22</sup> The OSCE Mission to Moldova (2007c), Moldova's broadcasting reforms cause for concern, OSCE Mission Head says, February 19, website of the OSCE, <http://www.osce.org/item/23339.html>.

<sup>23</sup> Statement by mass media organisations concerning suppression of a known radio station in Balti, February 20, 2007

<sup>24</sup> Colleen Gaffry: „What happens to some media institutions disappoints us because there are indicators of regress of democracy in Moldova,” news agency DECA-press, February 16, 2007. The OSCE Mission to Moldova (2007c), Moldova's broadcasting reforms cause for concern, OSCE Mission Head says, February 19, the website of the OSCE, <http://www.osce.org/item/23339.html>.

<sup>25</sup> BASA-press (2007), CCA asks state institutions to stop pressing journalists in doing their jobs, March 29.

<sup>26</sup> The OSCE Mission to Moldova (2007b), OSCE Mission Head concerned over repeated restrictions on media freedom in Moldova, March 28, website of the OSCE, <http://www.osce.org/item/23833.html>.

<sup>27</sup> MJU (2007), Statement by Moldovan Journalists Union, March 27, <http://www.azi.md/tribune?ID=43773>

<sup>28</sup> Statement by mass media organisations on attempts to suppress the freedom of expression, March 27, 2007, website of IJC, <http://ijc.md/ro/news.shtml#1061814298>

<sup>29</sup> Coalition-2007 (2007), statement on police abuses, March 28.

<sup>30</sup> Euroforum Consortium (2007), op. cit.

<sup>31</sup> Joint statement: concerns with press freedom, March 14, 2007, <http://www.azi.md/print/43594/Ro>.

☞ If these negative trends are not remedied, Moldova's efforts for honouring its international commitments will be visibly undermined.<sup>32</sup>

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<sup>32</sup> [www.rapc.gov.md](http://www.rapc.gov.md);

### Monitoring grid 1. Democratic institutions

Indicators / Fields	Evolutions / involutions in the 1 <sup>st</sup> quarter of 2007	Practical impact of changes	Factors favouring / disfavouring progress	Quantification of progress in 1 <sup>st</sup> quarter of 2007	Sources used for assessment
<b>Human rights / Ensuring the right to association</b>	<ul style="list-style-type: none"> <li>Adoption of new regulations on human rights;</li> </ul>	<ul style="list-style-type: none"> <li>Consolidation of legal framework in the field;</li> </ul>	<ul style="list-style-type: none"> <li>Legislative activity; recommendations and/or assistance of competent national and international organisations;</li> </ul>	0	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Records of parliamentary sittings;</li> <li>Mass media</li> <li><a href="http://www.lhr.md">www.lhr.md</a></li> <li><a href="http://www.ombudsman.md">www.ombudsman.md</a></li> <li>Estimates by authors;</li> </ul>
	<ul style="list-style-type: none"> <li>Perpetuated violations of human rights;</li> </ul>	<ul style="list-style-type: none"> <li>Violation and negligence of human rights; maintenance of a high number of complaints from citizens;</li> </ul>	<ul style="list-style-type: none"> <li>Stereotypes of institutional and organisational culture; involuntary or interested ignorance of human rights; low training of public functionaries in the field of human rights; legal nihilism of citizens; limited funds;</li> </ul>		
	<ul style="list-style-type: none"> <li>Sentencing of Moldova by ECHR in another 10 cases;</li> </ul>	<ul style="list-style-type: none"> <li>Spending of public funds for compensation of pecuniary and non-pecuniary damages of applicants; undermining of credibility of the national judiciary;</li> </ul>	<ul style="list-style-type: none"> <li>Low efficiency of mechanism of individual responsibility of persons who are to blame for sentencing of Moldova; low quality and professionalism of judgments and judges;</li> </ul>		
	<ul style="list-style-type: none"> <li>Appeal of CSLM Solidaritate for reunification of social movement;</li> </ul>	<ul style="list-style-type: none"> <li>CSRM is reticent over appeal of CSLM Solidaritate, as the latter was created by 14 branch unions which withdrew in 2000 from FGSRM, predecessor of CSRM.</li> </ul>	<ul style="list-style-type: none"> <li>Conviction and motivation of CSLM Solidaritate;</li> </ul>	- 1.0	<ul style="list-style-type: none"> <li>Mass media</li> <li>Communications by OSCE Mission to Moldova</li> <li>Statements and communications by parties;</li> <li>Statements by competent NGOs;</li> <li>Statement by Coalition-2007;</li> </ul>
	<ul style="list-style-type: none"> <li>Appearance of obstacles capable to influence the participation of some opposition parties in the 2007 local elections;</li> </ul>	<ul style="list-style-type: none"> <li>Tensioning of political climate; trials between parties or their initiatives and authorities;</li> </ul>	<ul style="list-style-type: none"> <li>Delays and unjustified decisions of the Ministry of Justice in the process of registration of changes in the register of parties; proceedings filed against leaders of some opposition parties before local elections;</li> </ul>		
<ul style="list-style-type: none"> <li>Arrest of PL representatives by police bodies on March 27;</li> </ul>	<ul style="list-style-type: none"> <li>Tensioning of pre-electoral climate; distrust of citizens for police; trials between PL representatives and authorities;</li> </ul>	<ul style="list-style-type: none"> <li>Institutional stereotypes; intolerance toward citizens who do not share the official visions; lack of police reform; restrictive regulations on meetings;</li> </ul>			
<b>CoE recommendations/ Execution of ECHR judgments</b>	<ul style="list-style-type: none"> <li>Authorities manifest opening in dialogue with CoE and generally execute the ECHR judgments;</li> </ul>	<ul style="list-style-type: none"> <li>CoE experts are consulted in legislative creation matters; certain recommendations by CoE experts are taken over in national legislative practice; the ECHR reinstates applicants in their rights;</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue between authorities, particularly of the Parliament and CoE; expertise and assistance of CoE experts; activity of the special representative of the CoE secretary-general to Moldova;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Records of parliamentary sittings;</li> <li>ECHR judgments;</li> <li>Mass media;</li> <li>Estimates by authors;</li> </ul>
<b>Cooperation with civil society</b>	<ul style="list-style-type: none"> <li>Authorities manifest a relative opening for cooperation with civil society;</li> </ul>	<ul style="list-style-type: none"> <li>Joint participation in public activities; consideration of opinion of NGOs in some formal cases; improvement of some draft laws;</li> </ul>	<ul style="list-style-type: none"> <li>Relative opening of authorities for cooperation with civil society; initiatives of NGOs; international actors who condition their assistance demanding inclusively a more active participation of NGOs in public affairs; readiness of donors to support joint activities;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Records of parliamentary sittings;</li> <li>Official communications by authorities;</li> <li>Communications by NGOs;</li> <li>Mass media;</li> </ul>
<b>Freedom of mass media / Access to information</b>	<ul style="list-style-type: none"> <li>A law court awarded victory to press institutions;</li> </ul>	<ul style="list-style-type: none"> <li>Respect for rights of mass media in this case;</li> </ul>	<ul style="list-style-type: none"> <li>Fairness of law courts;</li> </ul>	- 1.5	<ul style="list-style-type: none"> <li>Communications by embassies, international organisations and institutions in Moldova;</li> <li>Statements by competent NGOs;</li> <li>Statement by Coalition-2007</li> <li>Report by Euroforum Consortium;</li> <li>Mass media;</li> <li>Estimates by authors.</li> </ul>
	<ul style="list-style-type: none"> <li>Reorganisation of municipal channels Antena C and Euro TV Chisinau without a wide societal consensus, unfairly and illegitimately;</li> </ul>	<ul style="list-style-type: none"> <li>Harming of consumers of information by limiting the free information space; violation of rights of workers;</li> </ul>	<ul style="list-style-type: none"> <li>Desire of some circles of interests to influence the editorial policy of municipal broadcasters;</li> </ul>		
	<ul style="list-style-type: none"> <li>CCA decision on the Balti-based radio channel FM-103.5;</li> </ul>	<ul style="list-style-type: none"> <li>The broadcasting licence of the Balti-based radio channel FM-103.5 was not extended; harming of public interests; a team of known journalists from the region was done an injustice;</li> </ul>	<ul style="list-style-type: none"> <li>Biased and disproportional attitude of CCA in this case;</li> </ul>		
	<ul style="list-style-type: none"> <li>Maintenance of TRM within same editorial policy;</li> </ul>	<ul style="list-style-type: none"> <li>Preponderant coverage of opinions of authorities; negligence of interests of consumers of information who do not share all visions of authorities;</li> </ul>	<ul style="list-style-type: none"> <li>TRM administration is interested in maintaining the same editorial policy; stereotypes of institutional culture;</li> </ul>		
<ul style="list-style-type: none"> <li>Arrest of a team of PRO-TV Chisinau cameramen and stealing and demagnetising of a record of the DTV channel on March 27;</li> </ul>	<ul style="list-style-type: none"> <li>Intimidation of journalists; restriction of the right of public to information; loss of confidence for police as law enforcement body.</li> </ul>	<ul style="list-style-type: none"> <li>Abuse and excess of power of policemen; ignored rights of mass media.</li> </ul>			

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## 2. CONSOLIDATION OF ADMINISTRATIVE CAPACITY

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### *Administrative reform / administrative efficiency*

#### **Progresses:**

##### *Central Public Administration (CPA) Reform*

- ☞ Adoption of normative and planning acts: Decision # 54 from 18.01.2007 that approves the detailed plan on implementation of the reform strategy of central public administration for 2007 (actions and other measures are explained in details, with concrete terms and executors, the implementation may be fully monitored); Decision # 33 from 11.01.2007 concerning rules of elaboration and unified requirements on policy documents; Decision # 163 from 15.02.2007 on optimisation of structure of the Ministry of Justice and approving the regulation on recommendation (the procedure of recognition of acts is simplified); Decision # 31 from 11.01.2007 that approves the 2007-10 national strategy on training of public functionaries and local councillors;
- ☞ Activity of the expert group and governmental commission for CPA reform. Progresses of the reform are periodically studied, further actions are established. Public functionaries serving in central public administration are informed over implementation of CPA reform<sup>33</sup> ;
- ☞ A new pay concept for functionaries, correlated with individual professional and group (team) performance, stimulation of public service, is worked out;
- ☞ Representatives of central and local authorities are trained at the Academy of Public Administration, regional seminars. A programme on training and certification of public functionaries in the field of information and communication technologies is implemented; employees of directorates for policy analysis, monitoring and assessment benefit of assistance to develop their skills, English teaching courses are organised<sup>34</sup> ;
- ☞ Regulations and new structures of reorganised central institutions were approved: the Ministry of Health (GD# 326 from 21.03.2007), the Ministry of Social Protection, Family and Child (#283 from 14.03.2007). Under the Government Decision # 246 from 02.03.2007, the administrative military department of the Defence Ministry was closed;
- ☞ The discipline of execution and implementation of the established tasks has grown.<sup>35</sup>

##### *Implementation of EUMAP*

- ☞ The Decision # 113 from 03.02.2007 that approves the priority action plan on implementation of the Moldova-European Union Action Plan in 2007 was adopted. This is the first act that formally establishes the future actions and measures, the implementation will be monitored more efficiently;
- ☞ Sitzings of the national commission for European integration (22.01.2007). The implementation of EUMAP was permanently discussed at sittings of the National Commission, establishing priority actions and measures, as well as aspects requiring much attention. The documents on implementation of European integration tasks will be primarily examined (applying a special "stencil");
- ☞ The Government Decision (# 190 from 21.02.2007) on creation of the Ministry of Justice's centre for adjustment of legislation was adopted.

##### *Development of information technologies in administration*

- ☞ The procedure of legalisation of official acts is simplified; starting March 2007, citizens are able to legalise their official acts issued in Moldova at the Ministry of Justice, being acquitted from endorsement, and at the Foreign Ministry, consulates, other institutions. A 100-leu tax was established, while application is available online<sup>36</sup> ; a subdivision of the Interior Ministry in charge with combating information crimes will also protect the copyrights;

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<sup>33</sup> News of CPA reform, March 2007;

<sup>34</sup> Government Decision # 197 from 26.02.2007 concerning results of execution of legislative and normative acts and tasks of Moldovan President in 2006 by ministries and other central administrative authorities;

<sup>35</sup> [www.justice.gov.md](http://www.justice.gov.md).

<sup>36</sup> Report by the National Agency for Regulation in Telecommunication and Informatics;

- ☞ The Ministry of Local Public Administration is implementing a pilot project to create an electronic information system for communication of population with local and central authorities, in a move to improve the electronic access to public services and information. An information system for management of documents will be installed in the Chisinau City Hall and all functionaries of the city hall will be trained for this purpose;
- ☞ The concept of educational information system is approved under the Government Decision # 270 from 13.03.2007;
- ☞ The number of Internet users in Moldova rose about two-fold in 2006 and there are approximately 460,000 connections. The coverage rate of Internet connections per 100 residents of Moldova rose from 6.59 percent in 2005 up to 13.55 percent in 2006. As of January 1, 2007, there were 760 information providers.<sup>37</sup>

#### **Shortcomings and problems:**

- ☞ There are many reservations regarding participation and communication in the field of CPA reform, with public functionaries being insufficiently aware of this reform, which is not promoted well. Ministries, other administrative authorities must pay more attention to development of capacity of strategic planning and elaboration of sectoral policies, use all potential of functional competences (GD # 54 from 18.01.2007);
- ☞ A better cooperation and training of journalists in the field of implementation of EUMAP are needed;
- ☞ The SALT programme is hardly implemented, its pace is too slow, and the funds are insufficient.<sup>38</sup> Experts estimate that the counterfeiting and piracy in Moldova cover between 65 and 90 percent<sup>39</sup>;
- ☞ The new Chisinau City Hall administration failed the first tasks<sup>40</sup> - the change of heads is followed by sorting of functionaries;
- ☞ Practices of unplanned and doubtful use of public resources continue (GD # 135 from 12.02.2007, GD # 136 from 12.02.2007, # 252 from 05.03.2007, and # 317 from 19.03.2007).

#### **Depoliticising of public administration**

Progresses and essential aspects of a better situation in the field are not observed, and on the contrary, the situation tends to worsen mainly due to forthcoming general local elections.

#### **Shortcomings and problems:**

- ☞ Political parties claim that potential candidates are intimidated or even bribed.<sup>41</sup> Local councillors who do not cooperate with the ruling party or refuse to support it in electoral campaign are persecuted. On the other hand, governance representatives who commit abuses are not punished, being protected by ruling party<sup>42</sup>;
- ☞ central authorities continue to interfere in areas that rest with competence of local councillors<sup>43</sup>;
- ☞ local councillors claim that executive authorities select their appeals depending on political preferences<sup>44</sup>;
- ☞ opposition councillors accused the majority from municipal council of damaging the municipal budget by fraudulently selling fields<sup>45</sup> and of protectionism while employing in municipal administration.<sup>46</sup> Still there are

<sup>37</sup> „The chief of state is unsatisfied with pace of implementation of the Salt programme, communication by Moldpres Agency, 24.01.2007.

<sup>38</sup> „The chief of state is unsatisfied with pace of implementation of the Salt programme, communication by Moldpres Agency, 24.01.2007.

<sup>39</sup> Studies and estimates by AGEPI and Business Software Alliance;

<sup>40</sup> February calamities hardened the traffic, including of emergency transportation, interventions of municipal authorities were late, summary and inefficient (see communications released by Pro TV, TV7, „KP v Moldove” on February 22-23);

<sup>41</sup> News conference held by the Centrist Union of Moldova, Infotag Agency;

<sup>42</sup> Cases of some mayors from the district of Hancesti invoked in an interpellation by PPCD Deputy Valentina Serpul to the Prosecutor-General's Office on 15.03.2007 ([www.parlament.md](http://www.parlament.md)); Interview with Nisporeni city mayor, publication Timpul, 23.03.2007; Local authorities from the village of Talmazza threaten to withdraw from the Causeni district because they are persecuted by district authorities and law bodies, newspaper Flux, 16.03.07;

<sup>43</sup> Prime minister urged the Chisinau authorities to resolve the problem of parking sites in Moldovan capital and to hold a contest aimed at attracting investments in this sector, the news agency Info-Prim Neo reported on 13.01.2007; the regulation on employment of social assistants approved under the GD # 10.01.2007 awards exclusive rights of selection, promotion and appointment of social assistants in localities to the competent ministry and the commission made up of the district/municipal council; the Chisinau City Hall stopped the evacuation of the lake Valea Morilor because these works started and were carried out at the initiative of central authorities without necessary projects and expenditures of about one million lei;

<sup>44</sup> Interview with Chisinau councillors published by Info-Prim Neo Agency on 01.03.2007;

<sup>45</sup> Interpellation by councillor Mihai Roşcovan from 22.01.2007 regarding the December 26, 2006 decision of the council on sale of some fields for derisory prices; Interpellation by councillor Valerii Klimenco from 15.02.2007 regarding the legality of granting a field and building the headquarter of the Party of Communists behind the Centru Praetor's Office on the place of a sport arena.



cases of abusive dismissal of functionaries<sup>47</sup> and employees from municipal structures<sup>48</sup>;

- ☞ changes in the Parliament's Regulation (Law # 430-XVI from 27.12.2006) did not exclude or limit possibilities of employing functionaries on political criteria, did not modify the exclusive competences of the Parliament chairman in the field despite of recommendations<sup>49</sup>;
- ☞ the political-administrative vertical still affects the administration mode, promotion and adoption of decisions are concentrated in the top of administrative pyramid.<sup>50</sup>

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

### **Progresses:**

- ☞ Following documents are endorsed: the reform strategy of the framework on state regulation of entrepreneurship (GD # 104 from 01.02.2007); the 2007–2009 strategy sustaining the development of Moldova's interior trade (GD # 111 from 01.02.2007); Decision # 42 from 12.01.2007 concerning the entrepreneur's patent (free registration of individual entrepreneurs);
- ☞ The Parliament approves the decision on measures of organisation of the National Agency for the Protection of Competition (PD # 21-XVI from 16.02.2007) and appoints the leadership of the agency;
- ☞ Foreign investors consider that the Government has taken a series of actions aimed to improve the business climate, including by reducing the administrative pressure in economic field<sup>51</sup>;
- ☞ The Chamber of Auditors of Moldova has signed an agreement with the National Audit Office of Sweden, which is a framework for granting of assistance worth about 1.8 million euros for implementation of the Strategic Development Plan of the Chamber of Auditors of Moldova.

### **Shortcomings and problems:**

- ☞ central authorities are not ready to study the regulatory impact and acts are drafted without preliminary researches<sup>52</sup>;
- ☞ business representatives are dissatisfied with measures taken by Government to improve the investment climate and develop business, and described the precedent actions as insufficient<sup>53</sup>;
- ☞ Situation of patent holders is still tackled accordingly to previous stances, in spite of protests and shortcomings of the proposed mechanism aimed at turning into individual enterprises. Representatives of patent holders consider that monopolists have promoted the decisions via the economic council of the prime minister.<sup>54</sup> Directors of some markets in Chisinau support the claims of patent holders and municipal authorities reprimanded them for this fact<sup>55</sup>;
- ☞ opposition municipal councillors consider that the property of municipality is not used with the appropriate economic efficiency, clauses to ban the further privatisation of property are not established<sup>56</sup>;
- ☞ although it was formally created, the Agency for the Protection of Competition is not working so far;

<sup>46</sup> Councillor Oleg Cernei told an extraordinary sitting of the Chisinau Municipal Council that former ad-interim mayor Vasile Ursu has selected and promoted new staffs „on basis of relationship, friendship...”;

<sup>47</sup> Interpellation by councillor Mihai Roscovan from 22.01.2007 concerning the December 26, 2006 decision of the Chisinau Municipal Council to sell some fields for derisory prices; Interpellation by councillor Valerii Klimenco from 15.02.2007 regarding the legality of granting a field and building the headquarter of the Party of Communists behind the Centru Praetor's Office on place of a sport arena.

<sup>48</sup> Director of the municipal enterprise Antena C was reinstated in his office under a decision by the Court of Appeal, which outlawed a decision by the Chisinau Municipal Council on dismissal of Vasile State. State will be paid pecuniary and non-pecuniary damages but his reinstatement is problematical because the enterprise he manages was sold;

<sup>49</sup> Recommendations by UNDP-Moldova, [www.undp.md](http://www.undp.md);

<sup>50</sup> „Political regime in Moldova is looking like a "sultan" regime” – interview with analyst Igor Munteanu published by Info-Prim Neo Agency on 06.03.2007;

<sup>51</sup> Statements by representatives of the Foreign Investors Association;

<sup>52</sup> Statement delivered by deputy minister of economy and commerce at a seminar on application of the regulatory tool Cost-Model Standard on 29.03.2007,

<sup>53</sup> Recommendations and consultations from the White Book launched by the Foreign Investors Association on 16.03.2007;

<sup>54</sup> Statements by representatives of the Small Business Association

<sup>55</sup> Communication released by Info-Prim Neo Agency on 15.02.2007;

<sup>56</sup> Communication released by Info-Prim Neo Agency on 20.02.2007;

- ☞ although the Constitution and legislation prohibit them to hold remunerated activities, parliamentarians seek a framework to allow them to have extra-parliamentary business interests.<sup>57</sup> Changes in the Parliament's Regulation (Law # 430-XVI from 27.12.2006) did not exclude and limit the economic management competences of the Parliament chairman.

## **Stability of governing policy**

### **Progresses:**

- ☞ economic growth (GDP) in 2006 was 4 percent<sup>58</sup>;
- ☞ the number of agricultural farms has grown<sup>59</sup>;
- ☞ new strategic planning acts are adopted, those approved earlier are generally implemented accordingly to plans, but there are some drawbacks<sup>60</sup>;
- ☞ institutions in charge with ensuring the national security consider that no actions capable to threaten the state security were committed in 2006<sup>61</sup>;
- ☞ the number of persons who declare higher incomes is on the rise<sup>62</sup>;
- ☞ The number of Transnistria-based economic agents registered by Moldovan authorities was on the rise (269 entities last year).

### **Shortcomings and problems:**

- ☞ The demographic decline is still deep and the number of persons who leave Moldova is high in continuation.<sup>63</sup> Situation in healthcare sector is still alarming and the massive migration of doctors and shortage of funds for medicine are the main problems<sup>64</sup>;
- ☞ remuneration in budgetary sector and freezing of planned rises dissatisfied employees and raised criticism of trade unions, political parties;
- ☞ the number of persons who get employed in Moldova after graduating from higher education is very low, about 15 percent<sup>65</sup>;
- ☞ there are many children (more than 1/3) who do not live with both parents and the situation has worsened in the past 6 years<sup>66</sup>;
- ☞ according to data of NBS, the production is on the decline for the first time in the past 6 years; situation of wine industry is worsening in continuation, with wine makers seeking the intervention of authorities and efficient measures<sup>67</sup>;
- ☞ International marks for crediting risks are low.<sup>68</sup> Moldova is ranked the last but one place in the top of economic situation in former Soviet states<sup>69</sup>; the growth of inflation still raises a serious concern of

<sup>57</sup> Findings of a survey conducted by the International Business Association and the Parliament of Moldova (IABP Moldova);

<sup>58</sup> National Bureau for Statistics (NBS);

<sup>59</sup> Statement by minister of agriculture republished by Moldpres Agency on 05.03.2007;

<sup>60</sup> Decision on extension of EGPRSP for 2007 (GD # 1433 from 19.12.2006);

The National Programme for implementation of the Moldova-NATO Individual Partnership Action Plan (IPAP) for 2006-2009 (GD # 1506 on 29.12.2006); Decision on execution of the legislative programme for 2005-2009 in 2006. (GD # 258 from 05.03.2007).

<sup>61</sup> Sitting of the broadened college of the Information and Security Service held on 17.01.2007;

<sup>62</sup> Report by the State Tax Service (STS), [www.fisc.md](http://www.fisc.md);

<sup>63</sup> Decrees by Moldovan president concerning withdrawal of citizenship, interview with Olga Poalelungi, expert of the UNFPA/Moldova, published by BASA-press Agency;

<sup>64</sup> Statement by Marc Danzon, director of the European Bureau of the World Health Organisation;

<sup>65</sup> Statement by deputy minister of economy and commerce, communication published by Basa-press Agency on 16.02.2007;

<sup>66</sup> Data of the Demographic and Health Study conducted by the Ministry of Health, the National Centre of Preventive Medicine with technical assistance of MACRO International and financial support of USAID, UNICEF and UNFPA.

<sup>67</sup> According to data of NBS, the wine production decreased five-fold in the first two months of 2007; the Congress of the Union of Oenologists adopted an appeal to state authorities, seeking efficient solutions to the situation of wine industry. Authorities boycotted the works of the congress;

<sup>68</sup> Export agencies of the Organisation for Economic Cooperation and Development (OECD) included Moldova in the last group (the 7th) regarding the level of crediting risks;

<sup>69</sup> Study by the Russian investment group Renaissance Capital;

international financial institutions<sup>70</sup>;

- ☞ Some acts are hardly implemented; citizens cannot exercise all rights,<sup>71</sup> existing decisions are annulled.<sup>72</sup>

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

### **Progresses:**

- ☞ interested persons appeal often to offices for documentation and information of population,<sup>73</sup> the Prosecutor's Office is monitoring the situation in the area and demand the sanctioning of guilty functionaries<sup>74</sup>;
- ☞ the Government analysed the implementation of the national strategy on prevention and combat of corruption, the activity of CCCEC in the field; it is established that some organisational measures are implemented (GD # 200 from 26.02.2007);
- ☞ the Government approved the action programme on implementation of the Country Plan of Moldova as part of the U.S. Millennium Challenge Account focussed on more transparency and fight against corruption (GD # 32 from 11.01.2007);
- ☞ new anti-corruption campaigns are launched<sup>75</sup>;
- ☞ discovered cases of corruption and punishment on corruption charges are told to the public<sup>76</sup>;
- ☞ representatives of some opposition parties promote initiatives on enhancing transparency and declaration of incomes.<sup>77</sup>

### **Shortcomings and problems:**

- ☞ although the law does not introduce interdictions, the TeleRadio-Moldova Company ceased the live broadcasting of the Parliament's plenary sittings without any explanations and preliminary warning, depriving the public of direct and unbiased information about debates in legislature<sup>78</sup>;
- ☞ independent reports still reveal a high corruption rate in Moldova<sup>79</sup>; ; independent researches show that representatives of authorities extort bribes from entrepreneurs<sup>80</sup>;
- ☞ many drawbacks, problems and shortcomings are observed in the process of prevention and combat of corruption<sup>81</sup>;
- ☞ There are abuses and fraudulent schemes in administration of public funds used for social-cultural and

<sup>70</sup> Statement delivered by IMF representative in Chisinau Johan Mathisen at a news conference;

<sup>71</sup> PPCD Deputy Stefan Secareanu has asked the Government to report the implementation of amendments to the law on rehabilitation of victims of political repressions. According to information invoked by Secareanu, central and local authorities delay the process of restitution of property and compensation of its value in continuation, [www.parlament.md](http://www.parlament.md);

<sup>72</sup> The Chisinau Municipal Council has turned down a public-private partnership contract with the Austrian company Epa Media, signed by former ad-interim mayor-general Vasile Ursu, invoking some breaches and misuse of authority;

<sup>73</sup> More than 34,000 residents of Chisinau sent appeals and letters to the local public administration via the Information and Documentation Centre in seven months of work;

<sup>74</sup> The Chisinau Prosecutor's Office asked the Chisinau City Hall to sanction functionaries who did not settle petitions in the due time and told the head of the dwelling-communal directorate general of the Chisinau City Hall to cancel derogations from legislation on acquisition of goods and services, causes and conditions that encouraged them (press release from 31.03.2007);

<sup>75</sup> Student organisations and the Ministry of Education and Youth (MEY) have launched the campaign No To Corruption in Educational Institutions; the situation in the field was analysed at a joint sitting of MEY and CCCEC colleges on 18.01.2007, the two institutions signed a cooperation agreement on prevention and combat of corruption in education system (CCCEC and the Moldovan Academy of Sciences signed a cooperation agreement); rectors of institutions of higher education must work out proposals on prevention and combat of corruption, at the demand of Moldovan president;

<sup>76</sup> Press releases by prosecutor's office, [www.procuratura.md](http://www.procuratura.md); CCCEC has discovered a pharmaceutical network, which was keeping a parallel accountancy and was advantaged by high-ranking officials of the Tax Inspectorate; CCCEC and Prosecutor's Office discovered and investigate cases of corruption involving mayors of some localities (Singera town, Hlina village, etc.) and functionaries of diverse institutions (fiscal services, customs services, education, healthcare, bar);

<sup>77</sup> Municipal councillor Oleg Cernei has recommended council members to declare their estate owned before and after elections, communication published by Info-Prim Neo Agency on 15.03.2007;

<sup>78</sup> Article „Quality revision of conditions of political consensus,” [e-journal # 92](http://e-journal#92), [www.e-democracy.md](http://www.e-democracy.md);

<sup>79</sup> Moldova is ranked the 88<sup>th</sup> place among 101 countries included in the corruption perception survey by Gallup organisation, [www.galluppoll.com](http://www.galluppoll.com); OECD report Investment Reform Index;

<sup>80</sup> Study on informal taxation in Moldova worked out by IDIS Viitorul, [www.viitorul.org](http://www.viitorul.org); Statements by Ion Lesan, executive director of the Timpul Club of Businessmen, published by newspaper Jurnal de Chisinau on 17.03.2007;

<sup>81</sup> Speech delivered by Moldovan prime minister at a sitting of the CCCEC collegial council on 12.01.2007;

propagandistic projects.<sup>82</sup> Competent functionaries did not take actions against these cases, while the Government allocated the funds needed to cover this expenditure, though these offences were made public and law enforcements were notified;

- ☞ local councillors continue to promote decisions awarding facilities on account of municipal budget to themselves and city hall functionaries<sup>83</sup>;
- ☞ Some cases filed on corruption charges have unclear evolutions, the information is not made public and this fact fuels the opinions about selective anti-corruption struggle.<sup>84</sup>

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<sup>82</sup> Statements by director-general of the Building and Territorial Development Agency, findings of controls conducted by the State Inspection for Building and Urbanism in connection with higher costs and worse quality of rebuilding works at the Eternitate Complex in Pan Halippa Street, headquarters of the Supreme Court of Justice, monument of Stefan cel Mare; Interview with I.Semenovker published by newspaper Nezavisimaya Moldova on 14.02.2007);

<sup>83</sup> The Chisinau Municipal Council approved on March 20, 2007 the regulation on financing of bank interest for budgetary workers who build or buy mortgage residences, including municipal councillors among beneficiaries of facilities;

<sup>84</sup> Former deputy mayor Anatol Turcanu was appointed deputy director-general of the Building and Territorial Development Agency, though he had been internationally wanted, arrested and accused of abuse, but acquitted by a law court. At the same time, cases filed against other functionaries of the Chisinau City Hall are slowly investigated, trials are protracted;

**Monitoring grid 2. Consolidation of administrative capacity**

Indicators / Fields	Evolutions / involutions in the 1 <sup>st</sup> quarter of 2007	Practical impact of changes	Factors favouring / disfavouring progress	Quantification of progress in 1 <sup>st</sup> quarter of 2007	Sources used for assessment
Administrative reform / Administrative efficiency	<ul style="list-style-type: none"> <li>Plans on implementation of the CPA reform strategy for 2007 and priority action plans on implementation of EUMAP in 2007 are approved; the strategy on training of public functionaries is adopted;</li> <li>Not all promoted decisions are coordinated with previous plans and strategies;</li> <li>LPA reform did not appropriately start;</li> <li>Salary rises were postponed, a new pay system for functionaries is not elaborated so far;</li> </ul>	<ul style="list-style-type: none"> <li>CPA reform is implemented accordingly to plans, but there are many drawbacks;</li> <li>Priorities of EUMAP are clearly established, monitoring may be minutely monitored;</li> <li>Functionaries and local councillors are trained, obtain new knowledge and skills;</li> <li>Remuneration for professionalism and use of IT is not stimulatory;</li> <li>Shortage of qualified personnel and low salaries in public service;</li> </ul>	<p><i>Positive factors:</i></p> <ul style="list-style-type: none"> <li>Activity of the coordination unit of CPA reform, MFAEI and bodies in charges with implementation of EUMAP;</li> <li>International assistance;</li> </ul> <p><i>Negative factors:</i></p> <ul style="list-style-type: none"> <li>Lack of capacities, faulty communication and participation, awareness and promotion of CPA reform;</li> <li>Insufficient funds, spending of many funds for unproductive and unimportant fields;</li> <li>Summary participation of Parliament in CPA reform process;</li> <li>New law on public service is not adopted, new laws on LPA are slowly implemented;</li> </ul>	+1	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>News of CPA reform;</li> <li>Reports on implementation of governmental plans and strategies;</li> <li>Reports and news on development of IT sector;</li> <li>Mass media;</li> </ul>
	<ul style="list-style-type: none"> <li>It is decided to create a legislation adjustment centre, but this institution does not function so far;</li> <li>The rate of use of information technologies is on the rise, but it does not have an impact yet;</li> <li>Ministry of Justice simplified the procedure of authentication of documents;</li> </ul>	<ul style="list-style-type: none"> <li>Executory discipline has grown;</li> <li>Expertise of compatibility with community legislation is not mandatory, though the legislation stipulates it;</li> <li>Many acts may be authenticated in one place, but there are difficulties, authorities cannot meet the high number of appeals in the due time;</li> <li>Electronic signature and document are not widely used, online services are underdeveloped;</li> </ul>	<p><i>Positive factors:</i></p> <ul style="list-style-type: none"> <li>Foreign assistance;</li> <li>IT sector is intensively developing, particularly due to private sector;</li> </ul> <p><i>Negative factors:</i></p> <ul style="list-style-type: none"> <li>Strategic and sectoral planning is inadequate;</li> <li>Territorial coverage rate of technologies is still low;</li> <li>Transparency of authorities in Internet did not essentially grow, it is still insufficient;</li> </ul>	+1	
Depoliticising of public administration / Interference of economic-administrative and political interests	<ul style="list-style-type: none"> <li>The situation is worsening, particularly due to the forthcoming general local elections;</li> <li>There are cases when people who do not cooperate with the ruling party or lack political coverage are persecuted;</li> </ul>	<ul style="list-style-type: none"> <li>Functionaries depend on political factors and conjuncture;</li> <li>There are dismissals on basis of subjective criteria other than the lack of professionalism;</li> <li>Political protection allows guilty functionaries to avoid responsibility, to commit abuses;</li> <li>Appointments and dismissals are not transparent, reasons are not made public;</li> </ul>	<p><i>Negative factors:</i></p> <ul style="list-style-type: none"> <li>Maintenance of power's vertical and excessive centralisation in decision-making sector;</li> <li>An independent central unit in charge with public service is not created;</li> <li>The new law on public service is not adopted, depoliticising principle is not promoted at central and local levels;</li> <li>Employment in public service is not based on contests, while the organised contests are not transparent;</li> </ul>	- 1.5	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Records of plenary sittings of the Parliament;</li> <li>Statements by political parties and local councillors;</li> <li>Studies and recommendations (White Book and others); Mass media;</li> </ul>
	<ul style="list-style-type: none"> <li>The reform strategy on framework of state regulation of entrepreneurship is approved;</li> <li>Public property is administrated and used inappropriately;</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory reform is slowly implemented, the legal framework is not rapidly reformed;</li> <li>Privatisation stagnates, state enterprises are still inefficient;</li> </ul>	<p><i>Negative factors:</i></p> <ul style="list-style-type: none"> <li>Majority of central institutions fail to assess the impact;</li> <li>Inefficient activity of Parliament in examining and adopting new legislative acts;</li> <li>Political factors are interested in building business;</li> <li>The Agency for the Protection of Competition does not work;</li> </ul>	0	

Indicators / Fields	Evolutions / involutions in the 1 <sup>st</sup> quarter of 2007	Practical impact of changes	Factors favouring / disfavouring progress	Quantification of progress in 1 <sup>st</sup> quarter of 2007	Sources used for assessment
<b>Probity and transparency of governance</b> / <b>Combat of corruption</b>	<ul style="list-style-type: none"> <li>The Parliament amended the legislation to stipulate the publishing of excerpts from ECHR judgments in Monitorul Oficial;</li> <li>Transparency of parliamentary political and legislative process declined after the live broadcasting of plenary sittings was ceased;</li> </ul>	<ul style="list-style-type: none"> <li>The public is told the causes why the ECHR sentences Moldova;</li> <li>The public is not informed well about activity of Parliament, public opinion may be manipulated;</li> <li>The power is still not very credible, the confidence of population toward authorities does not grow;</li> </ul>	<i>Negative factors:</i> <ul style="list-style-type: none"> <li>Public mass media is not reformed, it remains affiliated to power's interests;</li> <li>Transparency and cooperation between authorities and mass media are problematical;</li> <li>Access to legal information is still difficult (online only), costs of Monitorul Oficial and databases are exaggerated;</li> <li>Promotion of draft law on decision-making transparency is obstructed;</li> <li>A law on ministerial responsibility is not adopted;</li> </ul>	0	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Mass media;</li> <li>Surveys;</li> </ul>
	<ul style="list-style-type: none"> <li>Many measures from the plan on implementation of anti-corruption strategy are achieved;</li> <li>The action plan for the Millennium Challenge Account is approved;</li> <li>Authorities and civil society (Anti-corruption Alliance) continue the cooperation in the field;</li> <li>Central and local authorities continue abuses and breaches in administrating resources;</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation between authorities is on the rise;</li> <li>New cases of corruption are discovered;</li> <li>Authorities and nongovernmental sector permanently monitor the measures in the field;</li> <li>The quality of anti-corruption cases is low, they are cancelled by law courts;</li> <li>Cooperation between CCCEC and Prosecutor's Office is unsatisfactory;</li> <li>Corruption rate and perception are high;</li> </ul>	<i>Positive factors:</i> <ul style="list-style-type: none"> <li>Monitoring of international institutions and foreign assistance programmes;</li> <li>More attention of state authorities; Activity of specialised bodies, more efforts against corruption;</li> <li>Release of information about discovered cases;</li> <li>Activity of competent NGOs;</li> </ul> <i>Negative factors:</i> <ul style="list-style-type: none"> <li>Legislation on declaration and control of incomes is not improved; a new law on combat of corruption is not adopted;</li> <li>Reported cases do not finish with real sentences; statements signalling abuses and violations do not produce essential results, public opinion is not informed about measures taken in this field;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Official reports;</li> <li>Report on activity of CCCEC, Prosecutor's Office;</li> <li>Reports by the Chamber of Auditors;</li> <li>Mass media;</li> </ul>

### **3. TRANSNISTRIAN CONFLICT**

#### ***Political negotiations in „5+2” format***

Mediators on behalf of the OSCE, Russia and Ukraine and observers of the European Union and United States have held two rounds of consultations on perspective of resumption of the "5+2" negotiations on Transnistrian conflict. Following the January 26 Madrid consultations, mediators and observers invited the Moldovan and Transnistrian sides at a new round of "5+2" negotiations on February 15-16, 2007. However, the Transnistrian side did not give green light to the invitation with a couple of days before the round of negotiations, conditioning its participation with suspension of the joint customs regime at the Moldova-Ukraine border. Mediators and observers adopted a final resolution at the March 21 round held in Vienna, inviting the sides to restart the "5+2" negotiations immediately.

In parallel, Chisinau continued the consultations on Transnistrian problem started in late 2006 with Russian decision makers. Minister of Reintegration Vasile Sova and the presidential advisers for interior policy, Mark Tkaciuk, visited Moscow in January and the deputy secretary of the Russian Security Council, Yuri Zubakov, met with President Vladimir Voronin in Chisinau in early March. At the same time, the Ministry of Foreign Affairs and European Integration of Moldova released a communication, being indignant over the practice of Russian state structures to call the Transnistrian leaders as "president" and "foreign minister" of Transnistria, warning that this throws doubts on fairness and constructivism of Russia as mediator of the Transnistrian conflict.

#### ***E.U.-Moldova cooperation***

The European Council appointed Kalman Mizsei on February 15 as E.U. Special Representative to Moldova. Mizsei will succeed Adriaan Jakobovits de Szeged, who completed his mandate in February 2007.

Javier Solana, E.U. high representative for the common foreign and security policy, has welcomed the Council's decision to appoint Mizsei, hoping that Mr.Mizsei will contribute to a more active engagement of E.U. toward Moldova, particularly in the Transnistrian settlement process. "Moldova is now a direct neighbour of the E.U. and it's time to find a viable and lasting solution to this conflict," Solana stated.

The mandate of the new E.U. special representative to Moldova particularly refers to the E.U. contribution to a peaceful settlement of the Transnistrian conflict, but it also includes some new fields such as contribution to strengthening of democratic institutions, supremacy of law and respect for human rights and fundamental freedoms in Moldova, promotion of good relations between E.U. and Moldova on basis of common values and interests, assistance in combating the trafficking in human beings, weapons, etc., from and via Moldova.

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

The European Council has extended the travel ban on 17 Transnistrian leaders, an interdiction joined by candidate states, member states of the Stabilisation and Association Process, EFTA and EEA.

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

The 5th sitting of the Consulting Council of the E.U. Border Assistance Mission to Moldova and Ukraine took place in March 2007 and it took notice of the progress achieved by EUBAM from December 2006 to February 2007 and adopted an action plan for 2007. According to the EUBAM head, General Ferenc Banfi, the main progress was achieved in the fight against illegal border crossing; development of risk analysis abilities; intensification of cooperation and complementarities between agencies. At the same time, General Banfi noted, many actions are to be taken in the field of work with structural factors and consolidation of operational and institutional capacities. At the same time, the head of the European Commission Delegation to Ukraine, Ian Boag, welcomed the continued implementation of the Moldovan-Ukrainian declaration on unification of customs regime and said that the mission is monitoring in continuation the process of registration of Transnistria-based economic agents in Chisinau. The sitting also focussed on implementation of the E.U.-financed programme BOMMOLUK, which plans 12 fact-collection visits of Moldovan and Ukrainian officials to Croatia, Austria, Greece and Macedonia in April-May 2007. It is worth to mention that Polish Interior Minister Janusz Kaczmarek visited the EUBAM office in the period concerned, being satisfied with positive results of the mission and Poland's support in this respect. On March 17, the Moldovan Government adopted a series of amendments to the procedure of registration of Transnistria-based economic agents, so that both enterprises with temporary registration and those with permanent registration will enjoy the commercial preferences awarded by E.U. to Moldovan enterprises. OSCE and E.U. representatives described these changes as welcome and necessary for equalling the operation conditions for companies from both banks of the Dniester River.

### ***Participation of civil society***

Chisinau hosted on March 26-27 the international conference themed *Settling the Transnistrian Conflict in the Context of Moldova's Europeanization*, organised by the Association for Foreign Policy with the support of the British Embassy to Moldova. The conference brought together Moldovan high-ranking officials, E.U. and OSCE representatives, heads of embassies in Chisinau, local and international experts. Moldovan Speaker Marian Lupu delivered a welcome speech, saying that the democratisation and demilitarisation of the Transnistrian region remain the priorities of Chisinau in the Transnistrian settlement process. He proposed a series of measures aimed to accomplish these goals: launching an OSCE Mission to assess the democratic institutions and inspect the military enterprises in the region, honouring of Russia's 1999 Istanbul commitments, transformation of the current peacekeeping mechanism into a multinational mission with international mandate, opening of a European information centre in Bender, consolidation of associative sector and support for civil initiatives in the region. Representatives of E.U. institutions, including the head of the European Commission Delegation to Moldova, Cezare de Montes, the chairwoman of the European Parliament's Commission for Cooperation with Moldova, Marianne Mikko, and the senior political advisor for Ukraine, Belarus and Moldova in the European Council Secretariat, Pirkka Tapiola, outlined the need of enhancing Moldova's attractiveness for residents from the left bank of the Dniester River by intensifying the European integration efforts and continuing the democratic reforms more strongly.



**Monitoring grid 3. Transnistrian conflict**

Indicators	Progresses in the 1 <sup>st</sup> quarter of 2007	Practical impact of changes	Factors favouring / disfavouring progress	Quantification of progress in 1 <sup>st</sup> quarter of 2007	Sources used for assessment
<b>Political negotiations (in "5+2" format)</b>	<ul style="list-style-type: none"> <li>Negotiations did not restart after two rounds of consultations of mediators and observers;</li> <li>Moldova and Russia continued bilateral consultations;</li> </ul>	<ul style="list-style-type: none"> <li>Interruption of political negotiations for an indefinite period;</li> </ul>	<ul style="list-style-type: none"> <li>Diplomatic mediation by U.S. and E.U. observers;</li> <li>Russia's support for Transnistria; Russia's more active stance on "frozen conflicts" in the former USSR; inefficiency of the "5+2" format;</li> </ul>	0	News agencies Infotag, Regnum.ru, Basa-press, Olvia-press, Novii Region;
<b>E.U.-Moldova cooperation</b>	<ul style="list-style-type: none"> <li>E.U. Council appointed a new special representative for Moldova;</li> </ul>	<ul style="list-style-type: none"> <li>E.U. diplomatic support for Moldova's efforts aimed at settlement and democratisation;</li> </ul>	<ul style="list-style-type: none"> <li>Regulations of Action Plan;</li> <li>Limits of E.U. contribution to Transnistrian settlement;</li> </ul>	+ 1	Website of E.U.;
<b>Diplomatic and political assistance of E.U.</b>	<ul style="list-style-type: none"> <li>E.U. extended the travel ban on 17 Transnistrian leaders;</li> </ul>	<ul style="list-style-type: none"> <li>E.U. political and diplomatic support for Transnistria settlement efforts;</li> </ul>	<ul style="list-style-type: none"> <li>Political commitments of E.U. within Action Plan;</li> <li>Limits of E.U. contribution to Transnistrian settlement;</li> </ul>	+ 1	Websites of E.U., OSCE;
<b>Russia's Istanbul commitments</b>	<ul style="list-style-type: none"> <li>E.U., Moldovan officials continued to reiterate the need of Russia's respect for Istanbul commitments;</li> </ul>	<ul style="list-style-type: none"> <li>Lack of progress in the process of 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 international mission;</li> <li>Russia's geopolitical interests;</li> </ul>	0	Websites of E.U., OSCE;
<b>Securing Moldova-Ukraine border</b>	<ul style="list-style-type: none"> <li>Permanent progress in achieving the mandate of EUBAM;</li> <li>Transnistrian economic agents obtain wider access to European trade preferences in context of introduction of the Moldovan-Ukrainian customs regime;</li> </ul>	<ul style="list-style-type: none"> <li>Securing of border, combat of corruption at Moldovan-Ukrainian border, legalisation on export-import operations;</li> </ul>	<ul style="list-style-type: none"> <li>U.S. and E.U. support;</li> <li>Cooperation of Ukrainian government and its respect for the joint customs regime with Moldova;</li> <li>Political instability in Kiev and possible recoil of pro-European forces;</li> </ul>	+ 2	News agencies Infotag, Regnum.ru, Basa-press, Olvia-press, Novii Region.
<b>Participation of civil society</b>	<ul style="list-style-type: none"> <li>The Association for Foreign Policy held an international conference on Transnistrian problem;</li> </ul>	<ul style="list-style-type: none"> <li>Creation of an alternative framework of talks between sides, mediators and observers regarding settlement prospects;</li> </ul>	<ul style="list-style-type: none"> <li>Existing expertise of civil society concerning the Transnistrian problem;</li> <li>Lack of progress in political negotiations;</li> </ul>	0	

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## 4. JUSTICE

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### *Capacity of imposing respect for law / Status and independence of judges and prosecutors / Transparency*

#### **Progresses:**

- ☞ the number of unexamined criminal cases is on the decline; the quality of examination of cases is improving: 5.9 percent of annulled judgments on criminal cases and 4.1 percent on civil cases (6.9 percent and 5.8 percent in 2005)<sup>85</sup>;
- ☞ the strategy on consolidation of the judiciary is drafted and promoted; the concept of complex judiciary software is elaborated;
- ☞ the number of documents which are being executed is on the decline (by over 52,000 executory documents in 2006)<sup>86</sup>; the Prosecutor's Office takes actions to sanction the persons who are to blame for non-execution of judgments<sup>87</sup>;
- ☞ activity of Prosecutor's Office is improving<sup>88</sup>;
- ☞ pressures on judges are less intensive;
- ☞ contests for vacancies of judges are made public in continuation.

#### **Shortcomings and problems:**

- ☞ advertising of trials is not ensured well, the work of judges and prosecutors is not very efficient because of many cases, activity of judicial policy is unsatisfactory<sup>89</sup>;
- ☞ legal practice is not standardised, contradictory decisions are issued on same cases<sup>90</sup>;
- ☞ the examination of many cases is still delayed without reasons<sup>91</sup>;
- ☞ execution of judgments is still unsatisfactory, the execution system must be improved<sup>92</sup>;
- ☞ trials and activity of leading legal bodies are not transparent<sup>93</sup>;
- ☞ competences of Prosecutor's Office are still extended, amendments to the legal framework in this field are not enforced; activity for protection of human rights does not ensure the necessary protection;
- ☞ some judgments are influenced<sup>94</sup> through corruption or political-administrative pressures<sup>95</sup>;
- ☞ political factors influence the promotion of judges,<sup>96</sup> rejecting decisions are not publicly argued;
- ☞ The Parliament delays the adoption of the strategy on consolidation of the judiciary (the draft was presented in 2006). Many points from the priority action plan on implementation of the Moldova-E.U. Action Plan are not executed in the due time,<sup>97</sup> notably: *creation of the department for judicial administration; promotion of the draft law on modification and completion of the Criminal Code and Constitution (accordance of*

<sup>85</sup> Report presented by SCM head at the annual conference of judges (09.02.2007);

<sup>86</sup> Report by Execution Department of the Ministry of Justice;

<sup>87</sup> Communications by press service of the Prosecutor's Offices;

<sup>88</sup> Report on 2006 activity presented by prosecutor-general at the broadened college of the Prosecutor's Office (23.01.2007);

<sup>89</sup> Half-year Analytical Report on monitoring of sessions (**Monitoring report by OSCE**);

<sup>90</sup> Speech delivered by Ministry of Justice at the annual conference of judges;

<sup>91</sup> Speech by Moldovan president and report by SCM head presented at the annual conference of judges; Monitoring report by OSCE;

<sup>92</sup> Speech delivered by prime minister at the sitting of the Collegial Council of the Ministry of Justice (22.01.2007);

<sup>93</sup> Monitoring report by OSCE; lack of a specialised website of SCM;

<sup>94</sup> Report Human Rights Moldova 2006 by the U.S. Department of State, [www.state.gov](http://www.state.gov);

<sup>95</sup> Report Human Rights Moldova 2006 by the U.S. Department of State, [www.state.gov](http://www.state.gov);

<sup>96</sup> Speech delivered by Moldovan president at the annual conference of judges; decisions of the parliamentary majority to reject candidacies of judges proposed by SCM;

<sup>97</sup> GD # 113 from 03.02.2007;

provisions with the Rome Status of IPC); creation of an efficient mechanism to monitor the implementation of laws on judicial reform; creation of information and public relations offices in law courts, etc.

## **Training of specialists in system / Endowment**

### **Progresses:**

- ☞ ongoing projects go on running and new international assistance projects on training of the judiciary were launched;
- ☞ SCJ benefits of assistance of international financial institutions (World Bank)<sup>98</sup>;

### **Shortcomings and problems:**

- ☞ the National Institute of Justice did not start activity with plenary productivity, judges and prosecutors are trained at seminars organised particularly with foreign support;
- ☞ the ECHR sentences Moldova in many cases due to subjective circumstances, conduct of judges<sup>99</sup>;
- ☞ salaries of judges and prosecutors are not enough to ensure a normal living and to prevent the risks of corruption, while remuneration of personnel of law courts does not cover the minimum consumption basket;
- ☞ headquarters and endowment of courts are inadequate,<sup>100</sup> budgetary allocations do not cover the needs of the justice.

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

### **Progresses:**

- ☞ a new law on mediation that covers the criminal, civil and family fields is drafted<sup>101</sup>;
- ☞ 11 community justice centres are being registered in districts of the republic;
- ☞ the number of minor convicts is on the decline, international experts seek specialised law courts and prosecutor's offices for minors;
- ☞ the number of persons who die in detention is on the decline<sup>102</sup>;
- ☞ inmates benefit of free assistance,<sup>103</sup> training courses on respect for human rights in prisons and reintegration of former detainees in society take place.<sup>104</sup>

### **Shortcomings and problems:**

- ☞ adoption of relevant legal changes for promotion of alternative ways is late;
- ☞ in spite of a certain improvement, the main problems in prisons are not resolved, notably the shortage of funds, overpopulation, bad nutrition, unsatisfactory sanitary-hygienic conditions, obstructed visits of relatives<sup>105</sup>;
- ☞ the number of minor detainees is on the rise, the penal policy of the state on this category is very severe;
- ☞ the enforcement of the law on social adaptation of former detainees is not appropriately ensured.

<sup>99</sup> Interview with V.Nagacevschi, chairman of the Organisation Lawyers for Human Rights, published by newspaper Jurnal de Chisinau on 03.04.2007;

<sup>100</sup> Monitoring report by OSCE;

<sup>101</sup> [www.parlament.md](http://www.parlament.md);

<sup>102</sup> Statements by deputy chairman of the Department of Penitentiaries published by newspaper Ziarul de Garda (22.02.2007);

<sup>103</sup> Centre for legal assistance of inmates opened by LADOM;

<sup>104</sup> Actions held by Training for Negotiators organised by IRP, [www.irp.md](http://www.irp.md);

<sup>105</sup> The Ministry of Justice College, 27.02.2007; Statements by lawyer V Turcan regarding situation in the Soroca-based prison, republished by Basa-press Agency;

**Monitoring grid 4. Justice**

Indicators / Fields	Evolutions / Involutions in 1st quarter of 2007	Practical impact of changes	Factors favouring / disfavouring progress	Quantification of progress in 1 <sup>st</sup> quarter of 2007	Sources used for assessment
<p><b>Capacity of imposing respect for law</b></p> <p>/</p> <p><b>Status and independence of judges and prosecutors</b></p> <p>/</p> <p><b>Transparency</b></p>	<ul style="list-style-type: none"> <li>Efficient activity of the Prosecutor's Office is tackled more actively;</li> <li>The ECHR sentences Moldova in more cases;</li> <li>Judges face pressures;</li> <li>Plenary and rapid execution of decisions is not ensured;</li> <li>The Department of Judicial Administration is not created;</li> </ul>	<ul style="list-style-type: none"> <li>The number of remaining unexamined cases declined; the quality of examination of cases improved;</li> <li>Prosecutor's Office participates more actively in execution of judgments;</li> <li>The state has to pay damages for legal errors and abuses;</li> <li>Confidence for justice is still low;</li> <li>Many planned actions are not taken;</li> <li>Activity of juridical police does not correspond to necessities;</li> </ul>	<p><i>Positive factors:</i></p> <ul style="list-style-type: none"> <li>Sentencing by ECHR;</li> <li>Foreign assistance;</li> </ul> <p><i>Negative factors:</i></p> <ul style="list-style-type: none"> <li>Non-execution of decisions by high-ranking functionaries, existing corruption in system;</li> <li>Involvement of political factors in appointment and promotion of judges;</li> <li>Unfairness of leading bodies in trials;</li> <li>Lack of administrative, technical, institutional capacities of ensuring transparency;</li> <li>Inefficient activity of CSM;</li> </ul>	<p><b>+0.5</b></p>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>ECHR judgments;</li> <li>Independent studies;</li> <li>Mass media;</li> <li>Judicial practice;</li> <li>Official press releases;</li> <li>Web resources;</li> </ul>
<p><b>Training of specialists in system</b></p> <p>/</p> <p><b>Endowment</b></p>	<ul style="list-style-type: none"> <li>NIJ does not work efficiently;</li> <li>The training processes are particularly held with support of nongovernmental and international institutions;</li> <li>The consolidation strategy is not adopted;</li> </ul>	<ul style="list-style-type: none"> <li>Number of bad judgments (annulled later) is still high;</li> <li>Number of ECHR judgments against Moldova, including related to unfair judgments, is on the rise;</li> <li>Salaries in the field do not fit responsibilities;</li> <li>Headquarters of courts are not appropriately endowed;</li> <li>Judicial practice is not uniform;</li> </ul>	<p><i>Positive factors:</i></p> <ul style="list-style-type: none"> <li>Foreign assistance;</li> </ul> <p><i>Negative factors:</i></p> <ul style="list-style-type: none"> <li>NIJ did not begin its full activity;</li> <li>Quality of education and faulty selection/promotion of personnel;</li> <li>Lack of resources;</li> </ul>	<p><b>+0.5</b></p>	<ul style="list-style-type: none"> <li>ECHR judgments;</li> <li>Independent studies;</li> <li>Mass media;</li> </ul>
<p><b>Alternative ways to settle litigations</b></p> <p>/</p> <p><b>Prisons</b></p>	<ul style="list-style-type: none"> <li>A new law on mediation is drafted;</li> <li>Community justice centres open;</li> <li>Training seminars take place;</li> </ul>	<ul style="list-style-type: none"> <li>Methods of alternative settlement are promoted at national and local levels;</li> <li>Legal framework is not improved;</li> <li>Authorities realise the need of promotion, functionaries are trained in the field;</li> </ul>	<p><i>Positive factors:</i></p> <ul style="list-style-type: none"> <li>Activity of NGOs in the field;</li> <li>International assistance;</li> </ul> <p><i>Negative factors:</i></p> <ul style="list-style-type: none"> <li>Delay of legal process;</li> <li>Insufficient knowledge of new mechanisms;</li> </ul>	<p><b>+1</b></p>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Mass media;</li> <li>Official communications;</li> <li>Web resources;</li> </ul>
	<ul style="list-style-type: none"> <li>Situation in prisons is improving;</li> <li>Activities aimed at ensuring the social reintegration of inmates are held;</li> <li>New assistance projects are launched;</li> </ul>	<ul style="list-style-type: none"> <li>Number of minor convicts is on the decline;</li> <li>Number of persons who die in detention is on the decline, nutrition is better;</li> <li>Detainees enjoy legal assistance;</li> <li>Situation is monitored and examined at special sittings of competent authorities;</li> </ul>	<p><i>Positive factors:</i></p> <ul style="list-style-type: none"> <li>Activity of NGOs, ombudsmen in the field;</li> <li>International assistance;</li> <li>More attention of authorities;</li> </ul> <p><i>Negative factors:</i></p> <ul style="list-style-type: none"> <li>Lack of adequate resources;</li> <li>Inappropriate endowment and conditions in prisons;</li> </ul>	<p><b>+0.5</b></p>	

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

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### **Poverty reduction**

The Parliament ratified in March 2007 the financing agreement between Moldova and the International Development Association (project on first poverty reduction sustenance credit in Moldova - CSRS-1) in the amount of 10 million dollars, signed in Chisinau on December 22, 2006.<sup>106</sup> The impact of this project will depend on kind of actions which we do not know for the time being.

Medium earnings of population continued to grow in the 1<sup>st</sup> quarter of 2007. In particular, real salaries rose by 12 percent in January and 9 percent in February 2007. The slower evolution in February was due to the decline of real wages in several areas. The decline of real purchase power of salaries affected only the spirits industry and education in January 2007 and the healthcare and social protections sectors joined these branches in February. In comparison with February 2006, real salaries in drink industry have declined by 3.8 percent, in education by 6.6 percent, healthcare by 2.9 percent.

The decline of real salary in education was due to amendment of the law on pay system in budgetary sector, via which the Parliament postponed the rise of basic salaries of several budgetary categories, including of teachers, from January 1, 2007 to December 1, 2007.<sup>107</sup> We consider that by passing this amendment the Parliament defied the law on education,<sup>108</sup> which says in Article 53 (6) that the minimum salary of teachers will not be lower than the average wage in national economy." Strong social riots were registered in January-February, with teachers threatening to hold general strikes and even organising protests. Later, the Government promised to gradually increase salaries starting April 1, 2007.

The number of salary earners from enterprises with more than 20 workers decreased by about 23,000 employees. This is related to staff cuts operated by wine companies. These enterprises closed another 1,000 jobs in February. The Government did not react to these regresses.

The intense rise of remittances continued in the 1<sup>st</sup> quarter. Moldovans working abroad sent more than 125 million dollars via formal channels in January-February 2007, this amount being comparable with the sum transferred in the first half of 2003. According to data, transfers from abroad covered about 35 percent of GDP in the first months of 2006. In all likelihood, Moldova is ranked now the first place in the world regarding the share of remittances of emigrants in GDP (it was ranked the 3<sup>rd</sup> place in 2006 after Haiti and Tonga). Remittances of emigrants are the most important poverty reduction factor in Moldova and it compensates the inefficiency of state policies.

### **Consolidation of economic growth**

Statistics on economic growth achieved in the 1<sup>st</sup> quarter are unavailable. According to estimates by EXPERT-GRUP, the GDP rose by 2.5-2.7 percent in the 1<sup>st</sup> quarter of 2007. In spite of the positive rise, we may say that the structure of the economic growth process is worsening in continuation. The worsening of industrial recession in January-February 2007 is a proof. The industry declined by 6.9 percent in 2006, 11 percent in January and 14 percent in February 2007. Regresses of wine industry will have a negative impact on viticulture for sure.

Perspectives of agriculture in 2007 raise most serious concerns and, for this reason, the adoption of some important decisions on sustenance of agriculture in the 1<sup>st</sup> quarter is welcome. The Parliament adopted in February the regulation on use of means of the fund for subsidising of farmers.<sup>109</sup> However, the fund will comprise 240 million lei only and resources are allocated unfairly and used inefficiently. The Parliament shall adopt a generally applicable regulation to define the principles, composition and conditions for granting of state assistance in future. Also in February, the Government approved new rules of subsidising of insured risks in agriculture, extending the list of budget-subsidised risks and increasing the compensation up to 60 percent of the cost of policy. The demand for subsidising of risks increased much in 2005-2006: 90,000 lei out of 5 million lei allocated for subsidising was spent in 2005 and 4 million lei out of 15 million lei was used in 2006. The rise of demand for subsidising of insurance services, the expected consolidation of market of private insurance services and multiplication of risks faced by agriculture impose a considerable increase of budgetary allocations for compensation of premiums. At the same time, it is important for the Government not to discriminate agricultural farms on basis of processed fields or economic size of agricultural entities.

### **Macroeconomic and financial stability**

Being concerned over some inflationist risks that accelerated in 2006, the National Bank of Moldova intensified its monetary sterilisation operations in the 1<sup>st</sup> quarter of 2007. This helped maintaining the monthly rise pace of prices. The inflation rate was 0.9 percent in January, 0.7 percent in February, and 0.5 percent in March. At the same time, prices of industrial producers rose by 19 percent. This rise of production costs may be a symptom of a future advance of prices of consumers. Therefore, we wonder if the NBM did not hurry up to reduce its basic annual rate from 14 percent down to 13.5 percent in April.

In parallel with deceleration of consumer price inflation, the Moldovan leu appreciated versus U.S. dollar in January-March 2007 (from 12.9050 lei on January 1 down to 12.5214 lei on March 31, 2007). The execution of public budget was excessive in the 1<sup>st</sup> quarter and did not produce destabilising risks. Even more, overall incomes exceeded the plan

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<sup>106</sup> Law # 32 adopted on 22.02.2007 concerning ratification of the financing agreement between the Republic of Moldova and the International Development Agency (the project of the first poverty reduction sustenance credit in Moldova - CSRS-1);

<sup>107</sup> Law on modification and completion of the Law # 355-XVI from December 23, 2005 concerning the pay system in budgetary sector, # 442 from 28.12.2006;

<sup>108</sup> Law on education # 547 from 21.07.1995;

<sup>109</sup> Adopted under the Parliament Decision # 15-XVI from February 9, 2007

by 17 percent and expenditures were executed 77 percent of the plan. The trade deficit worsened in continuation as absolute value. It accounted for 171 million dollars in January-February 2006 and exceeded 296 million dollars in 2007. The deficit is compensated by remittances of emigrants and apparently by substantial inflows of foreign investors and foreign daughter firms to subsidiaries from Moldova.

### ***Fiscal transparency and durability***

The law on state-guaranteed public debt and state re-crediting<sup>110</sup> was published in February and will be enforced within 6 months. The law defines the public debt, regulates the procedures of reporting, contacting and administration of loans. Its firm implementation will ensure more durability and transparency of general fiscal framework. Thus, the Government adopted 40 diverse decisions in the 1<sup>st</sup> of 2007 quarter with the view to allocate finances, compared with 24 decisions made in the 1<sup>st</sup> quarter of 2006. The forthcoming general local elections may be an important factor to intensify the allocations. A series of these decisions on public funds (even from the reserve fund of executive) raises questions and doubts regarding transparency of allocation and use of resources. The table below includes several "sensitive" decisions which should be explained and answered to public.

<i>No., date of approval of Government Decision</i>	<i>Issue and date of Monitorul Oficial</i>	<i>Beneficiary</i>	<i>Amount, lei</i>	<i>Destination</i>	<i>Commentaries</i>
1499, 28.12.2006	Nr. 001, 05.01.2007	Editorial staff of newspaper Moldova Suverana	376,839	Paying off debts toward state-owned printing company Universul;	This decision is discriminatory in relations with publications unaffiliated to Government;
1499, 28.12.2006	Nr. 001, 05.01.2007	Editorial staff of newspaper Независимая Молдова	81,326	Paying off debts toward the state-owned printing company Universul;	This decision is discriminatory in relations with publications unaffiliated to Government;
100, 30.01.2007	Nr. 018, 09.02.2007	Ministry of Social Protection, Family and Child	86,436	Covering of funds spent by Moldovan Organisation of Veterans on occasion of the 20 <sup>th</sup> anniversary;	The priority is doubtful. How this action refers to social protection, family or child?
132, 12.02.2007	Nr. 021, 16.02.2007	Government's Apparatus	56,179	Covering of expenditures related to a reception organised by Moldovan president on January 26, 2007 on occasion of winter holidays;	The Presidency must include such expenditures in own budget when it plans it;
		Ministry of Culture and Tourism	3,072		
135, 12.02.2007	Nr.025, 23.02.2007	Motor Base of Government's Apparatus	972,582	Purchase of vehicles;	Was a public tender organised for this purpose?
136, 12.02.2007	Nr.025, 23.02.2007	Ministry of Education and Youth	2,700,000	For Organisation Oraselul Copilarie to support services for orphan and needy children;	The Government gives money to NGOs very seldom, while in this case the amount is very large and the administration of this organisation includes a person affiliated to Government, according to journalistic investigations. How the spending of money is monitored?
227, 28.02.2007	Nr.032, 09.03.2007	Chisinau City Hall	400,000	Complete repairing of office of the Moldovan Society of Invalids;	The Chisinau City Hall is the richest mayoralty across the country and it must include such expenses in own budget;
317, 19.03.2007	Nr.039, 23.03.2007	Agro-industrial Agency Moldova-Vin	150,000	Covering activities related to organisation and conduct of the National Wine Holiday on October 7-8;	The agency must plan such expenditures in own institutional budget;

<sup>110</sup> Law # 419 from December 22, 2006

**Monitoring grid 2. Economic development and reforms**

Indicators / Fields	Evolutions / Involutions in 1st quarter of 2007	Practical impact of changes	Factors favouring / disfavouring progress	Quantification of progress in 1 <sup>st</sup> quarter of 2007	Sources used for assessment
<b>Poverty reduction</b>	<ul style="list-style-type: none"> <li>Available incomes of some segments of population grow in continuation;</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of poverty in urban areas and growth of urban-rural inequality and inside of rural regions;</li> </ul>	<ul style="list-style-type: none"> <li>Permanent growth of real salary and remittances of citizens working abroad;</li> </ul>	<b>0</b>	Estimates by authors; Data of NBS;
	<ul style="list-style-type: none"> <li>Reduction of number of jobs at enterprises with at least 20 workers;</li> </ul>	<ul style="list-style-type: none"> <li>Worsening of quality of life of concerned salary earners and intensification of emigration;</li> </ul>	<ul style="list-style-type: none"> <li>Decline of wine industry;</li> </ul>		
<b>Economic growth</b>	<ul style="list-style-type: none"> <li>Economic growth is estimated at 2.5-2.7 percent in the 1<sup>st</sup> quarter, but its structure is more unbalanced than earlier;</li> </ul>	<ul style="list-style-type: none"> <li>Deepening of unbalanced economic growth in Moldova (regions and sectors);</li> <li>Growth of inequality of revenues;</li> </ul>	<ul style="list-style-type: none"> <li>Rise of new taxes on product and import and growth of gross value-added in service sector;</li> <li>Rapid expansion of building and service sectors compensates the industrial recession;</li> <li>Growth of final consumption of households and investments;</li> </ul>	<b>-0.5</b>	Estimates by authors; Data of NBM;
	<ul style="list-style-type: none"> <li>Very weak performances of industry. The industry declined by 11 percent in the first three months of this year;</li> </ul>	<ul style="list-style-type: none"> <li>Narrowing of base for GDP growth;</li> <li>Ceaseless deformation of economic process;</li> <li>Decline of real salaries in several branches and big enterprises;</li> </ul>	<ul style="list-style-type: none"> <li>Slow identification of niches to sell wines on new markets;</li> <li>Low competitiveness of domestic industrial production (problem of standards and quality);</li> </ul>		
<b>Macroeconomic stability</b>	<ul style="list-style-type: none"> <li>NBM kept promoting a cautious monetary policy and an active presence on monetary market;</li> </ul>	<ul style="list-style-type: none"> <li>Attenuation of inflationist risks.</li> </ul>	<ul style="list-style-type: none"> <li>Anchoring of macroeconomic policy in a rigid framework established under agreements with IMF;</li> <li>Remittances of emigrants are a risk capable to compromise anti-inflationist policies;</li> </ul>	<b>+0.5</b>	Estimates by authors;
	<ul style="list-style-type: none"> <li>The rise of trade deficit is the major risk registered in the 1<sup>st</sup> quarter;</li> </ul>	<ul style="list-style-type: none"> <li>Risk of a stronger worsening of deficit of current account;</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of commercial regime with E.U. is an opportunity;</li> <li>Progress is compromised by slow reorientation of exports to alternative markets and inefficient governing policies;</li> </ul>		
<b>Fiscal transparency and durability</b>	<ul style="list-style-type: none"> <li>Adoption of the law on state debt;</li> </ul>	<ul style="list-style-type: none"> <li>It is not observed for the time being. We expect a more transparent contracting and administration of public debt in future;</li> </ul>	<ul style="list-style-type: none"> <li>The progress is favoured by reduction of foreign debt burden and conditions of agreement with IMF;</li> </ul>	<b>-1</b>	Estimates by authors;
	<ul style="list-style-type: none"> <li>The number of doubtful and non-transparent governmental decisions on allocation of funds rose in the 1<sup>st</sup> trimester;</li> </ul>	<ul style="list-style-type: none"> <li>Faulty use of public funds and allocation of resources for virtual priorities;</li> </ul>	<ul style="list-style-type: none"> <li>Lack of parliamentary and public control on financial discipline of Government and forthcoming general local elections are factors that produce this situation;</li> </ul>		

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## 6. SOCIAL DEVELOPMENT AND REFORMS

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### *Social dialogue*

Maintaining an active dialogue on social and employment policies is a special stipulation of the Action Plan. Looking behind at what happened in January-March 2007 we will observe mixed evolutions in this area. The amendment of the law on pay system in budgetary sector without preliminary public consultations, postponing the deadline for rise of basic salaries of some categories of budgetary workers,<sup>111</sup> is a symptomatic negative event. Teachers envisaged by the new law had a respective reaction and, as a result, strong social riots were registered in January-February. Teachers held protests. The spirits calmed down after the law was modified again in favour of salary earners. The lack of an effective dialogue was also proved by the way the law on entrepreneur's patent was amended. Starting January 1, 2007, amendments that eliminate several activities from patent regime<sup>112</sup> entered into force. Other activities will be gradually eliminated from patent regime within three years. The law stipulates for 2007 only four kinds of activities that involve more than 4,000 citizens. This decision has important social implications and it was adopted without an adequate consultation of concerned categories. Thus, patent holders protested beside teachers in the 1<sup>st</sup> quarter.

### *Social protection*

The rise of the single birth indemnity from 800 lei up to 1,000 lei was one of greatest progresses in the period concerned. However, this necessary rise will not essentially contribute to poverty reduction in poor and large families. In our opinion, the rise of monthly indemnities for looking after children under 3 and better precision of allocation would be greater progresses. The structure, maximum personnel and regulation of the Ministry of Social Protection, Family and Child, which resulted from division of the Ministry of Health and Social Protection, were adopted in March. The social protection policy was destined to failure, when integrated in the Ministry of Health. Revision of institutional skeleton could consolidate the governing capacities in social protection field, but this will also require the revision of internal procedures of analysis of policies and adoption of policy decisions.

### *Education*

The Government adopted on January 25 the framework regulation on functioning of hostels subordinated to state-owned educational institutions.<sup>113</sup> The regulation establishes minimum standards of endowment of hostels, accommodation criteria, functioning of administration bodies, and maybe most important, the rights and obligations of lodgers. Lodgers of hostels of educational institutions have been waiting for this regulation because they often face inhuman living conditions." Forcing educational institutions, administrators and lodgers of hostels to respect the regulation shall be now the major concern. This package also includes the decision that establishes and unifies the methodology of calculation of accommodation tax for hostels.<sup>114</sup> This decision foresees that expenditures for capital and current investments will be covered from state budget and special means of educational institutions, while orphan schoolchildren and students or those without their parents' care will not pay the accommodation tax. Also, the Government decided to regulate the modality of formation and use of special means of institutions subordinated to the Ministry of Education and Youth.<sup>115</sup> This decision approved the nomenclature of charged services and works executed and provided by institutions controlled by the Ministry of Education and Youth.

The Government approved on March 13 the concept of educational information system (EIS), which establishes the basic goals, tasks and principles of EIS, as well as the technological and legislative infrastructure needed for functioning of this system. The concept aims to contribute to implementation of the SALT programme, but the financing of the programme is the essential problem. The campaign against pirated software also increased the implementation costs.

### *Healthcare*

The adoption of the Law # 23 from February 16, 2007 concerning prevention of HIV/AIDS is one of most important progresses. The law stipulates a series of measures for prevention of HIV/AIDS in vulnerable groups (users of injecting drugs, military, detainees, migrants, emigrants, refugees and asylum seekers), voluntary testing principles and cases of obligatory testing and bans the discrimination on HIV status.

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<sup>111</sup> Law on modification and completion of the Law # 355-XVI from December 23, 2005 concerning salary system in budgetary sector, # 442 from 28.12.2006;

<sup>112</sup> Law # 208 from 07.07.2006 on modification and completion of some legislative acts;

<sup>113</sup> Government Decision # 74 from January 25, 2007

<sup>114</sup> Government Decision # 99 from January 30, 2007 concerning accommodation taxes for state-owned secondary professional, vocational educational institutions and scientific and innovation institutions;

<sup>115</sup> Government Decision # 196 from February 22, 2007;



**Monitoring grid 3. Social development and reforms**

Indicators / Fields	Evolutions / Involutions in 1st quarter of 2007	Practical impact of changes	Factors favouring / disfavouring progress	Quantification of progress in 1 <sup>st</sup> quarter of 2007	Sources used for assessment
<b>Social dialogue</b>	<ul style="list-style-type: none"> <li>Teachers and patent holders protested against economic policies of Government, which made very important decisions without preliminarily consulting the categories concerned;</li> </ul>	<ul style="list-style-type: none"> <li>Confidence toward Government declined;</li> </ul>	<ul style="list-style-type: none"> <li>Intensification of sincere and open dialogue between Government, salary earners and small businessmen could encourage progress;</li> <li>Soviet-style administrative instincts of Government undermine the progress;</li> </ul>	-1.0	Estimates by authors; Data of NBS;
<b>Social protection</b>	<ul style="list-style-type: none"> <li>Social allocations for child birth were increased;</li> <li>Social pensions were increased;</li> </ul>	<ul style="list-style-type: none"> <li>The impact is minor, given the price rise and big difference between medium pension and minimum consumption basket;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	+0.5	Estimates by authors; Data of NBM;
<b>Education</b>	<ul style="list-style-type: none"> <li>Some decisions that regulate the accommodation of students in hostels and tariffs of institutions were adopted;</li> <li>The concept on educational information system was adopted;</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring a better respect for rights of schoolchildren and students;</li> <li>Ensuring more transparency of formation and use of funds;</li> <li>Modernisation of educational system will be accelerated once the educational information system is implemented;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	+1	Estimates by authors;
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>The law on HIV/AIDS was adopted;</li> </ul>	<ul style="list-style-type: none"> <li>It is imperceptible for the time being. Better respect for rights of persons suffering from this disease and more governmental responsibility in this context are expected;</li> </ul>	<ul style="list-style-type: none"> <li>Increasing pressure of international institutions and local nongovernmental organisations encourage progress;</li> <li>Lack of funds traditionally compromises the progress;</li> </ul>	+0.5	Estimates by authors;

## 7. INTERNATIONAL TRADE

### *Commercial relations (Commercial regime with E.U.)*

A significant progress is observed in this field, with process of awarding of Autonomous Trade Preferences (ATP) being at the “advanced” stage. Three rounds of negotiations took place this year.

A delegation of the European Commission visited Moldova on January 22-23 to verify capacities of Moldovan authorities to ensure control on origin of goods exported by Transnistria-based companies to E.U. in preferential regime.<sup>116</sup> The Customs Service has presented a report on implementation of recommendations within DG TAXUD of the European Commission and audit findings in 10 Transnistrian enterprises which export to E.U. As a result of this visit, Moldova was given green light and the E.U. began internal procedures to award the Autonomous Trade Preferences to Moldova. A TV conference with participation of representatives of the European Commission (directorates on trade, foreign policy, agriculture and taxes) took place on March 8 and focussed on strategic products (wine, sugar, fruits and vegetables, animal products) that Moldova wants to include in ATC, and recommendations on improvement of system of control of origin certificates. The format of these strategic products will be established at negotiations between the European Commission and member states, with participation of Moldova’s representatives in the last round.

These agreements were reiterated during the visit of Minister of Economy Igor Dodon and it was decided that the European Commission will draft the regulation on awarding the ATC to Moldova.

### *Promotion and development of exports*

Problems faced by wine industry persist. Wine exports decreased by 45 percent in 2006 compared with 2005, from 313 million dollars down to 173 million dollars. Such a vertiginous decline of exports followed Russian restrictions on Moldovan wines. At the same time, what was a serious commercial shock in 2006 could turn into a long-term obstacle for Moldovan wine exports to the Russian Federation, given the “speed” with which statements delivered by Presidents Voronin and Putin at the CIS summit in Minsk become reality.<sup>117</sup> The March visit of Rospotrebnadzor experts did not clarify the term of resumption of exports, while the ISO certification has become a strictly necessary condition.

The export of wines in bulk was banned in 2007 in an obscure manner, with wine makers facing a worse financial situation. This ban produced negative reactions of Belarus, which is a main market for Moldovan wines along with Ukraine after Russia has introduced the embargo. The way this situation is settled raises questions regarding perspective of economic efficiency and respect for market and honest competition principles.

The climbing of Romania (17 percent of all exports) and of the E.U. (+56.1 percent) up to the position of main market for Moldovan exports is another very important evolution. This advance is mainly due to a 31.1 percent growth of exports to the E.U. in January-February 2007, compared with the same period of 2006, including to Romania by 41.5 percent, Germany (1.7-fold), the United Kingdom (2.4-fold) and Poland (33.1 percent). At the same time, we note that this evolution took place on background of permanent decline of Moldovan exports to the Russian market (-52.7 percent) because of Russian commercial obstacles. Russia’s share will grow after resumption of Moldovan meat, fruit and vegetable exports to this market.

### *Customs*

This sector has achieved important progresses. Starting July 2006, the European origin certification system is implemented in Moldova. The Customs Service issues these certificates. Projects of cooperation with other E.U. member states and competent institutions of E.U. significantly support the implementation of this system and development of administrative capacities.

At the same time, the adjustment of requirements on certificates for exportation to E.U. and CIS would simplify much the procedure of issuance of these certificates to these companies.

A progress is registered in opening “one-stop-shops” to process all documents on trade. This principle was implemented first at four customs stations and it will be implemented at other stations in Moldova this year.

### *Sanitary and phyto-sanitary standards*

Moldovan companies need a plenary adjustment of production processes to European quality and management systems, in order to fully benefit of liberalisation of trade with E.U. Progresses in this area are mixed for the time being. On one

<sup>116</sup> It was established later that Moldovan Government will guarantee the authentication of origin certificates. A regulation in this respect will be drafted by May;

<sup>117</sup> For more details about resumption of Moldovan wine exports to the Russian Federation, read the issue 16 of Comentarii Saptaminale published by EXPERT-GRUP;

hand, Moldova was included in February 2007 in the list of third countries allowed to export honey to E.U. The Ministry of Agriculture and Food Industry has delivered to the European Commission a plan on monitoring of residuum for honey and other important products for Moldova such as milk, eggs, meat. At the same time, a technical request was sent to DG SANCO (European Commission) to pay an assessment visit needed to launch the exportation of these products to E.U. On the other hand, the readjustment to community requirements on health of animals and animal processing industry is very slow. Answers of commentaries by European experts regarding a report on implementation of May 2005 recommendations on veterinary sector by Moldovan authorities will be delivered to the European Commission just in 2007. Of course, the trade with E.U. must develop more quickly.

**Monitoring grid 4. International trade**

Indicators / Fields	Evolutions / Involutions in 1st quarter of 2007	Practical impact of changes	Factors favouring / disfavouring progress	Quantification of progress in 1 <sup>st</sup> quarter of 2007	Sources used for assessment
<b>Commercial relations</b>	<ul style="list-style-type: none"> <li>Start of ATP awarding procedure;</li> </ul>	<ul style="list-style-type: none"> <li>Large ranger of products included in free trade with E.U.;</li> <li>Geographical diversification of Moldova's foreign trade;</li> </ul>	<ul style="list-style-type: none"> <li>Pro-active attitude of Moldovan diplomacy;</li> <li>Fulfilment of the European Commission's technical requirements for awarding of ATP by competent bodies of Moldova;</li> <li>Readiness of the European Commission to liberalise the trade with Moldova;</li> </ul>	<b>+1</b>	Estimates by authors;
<b>Promotion and development of exports</b>	<ul style="list-style-type: none"> <li>Maintaining of Russian commercial restrictions on Moldovan wines;</li> </ul>	<ul style="list-style-type: none"> <li>Continued decline of wine industry;</li> </ul>	<ul style="list-style-type: none"> <li>Stance of Russian authorities;</li> </ul>	<b>0</b>	Estimates by authors;
	<ul style="list-style-type: none"> <li>Oral ban of export of wines in bulk;</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of wine export opportunities for Moldovan winemakers;</li> <li>Suspension of wine exports to Belarus;</li> </ul>	<ul style="list-style-type: none"> <li>Wrong assessment of situation;</li> <li>Lack of a dialogue wit Moldova winemakers;</li> </ul>	<b>-1</b>	
	<ul style="list-style-type: none"> <li>Withdrawal of ban on export of wines in bulk;</li> </ul>	<ul style="list-style-type: none"> <li>Return to ante factum situation;</li> <li>Obscure creation of mixed enterprise MoldBelBin, which holds monopoly on Moldovan wine exports to Belarus;</li> </ul>	<ul style="list-style-type: none"> <li>Reassessment of situation;</li> <li>Joint actions of winemakers;</li> </ul>		
<b>Customs</b>	<ul style="list-style-type: none"> <li>Better functioning of Customs Service;</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of European origin certification system;</li> <li>Promotion of "one-stop-shop" principle in all customs offices of Moldova;</li> </ul>	<ul style="list-style-type: none"> <li>Requirements for conduct of negotiations on awarding of ATP;</li> <li>Assistance of foreign partners (the United Kingdom, Lithuania);</li> </ul>	<b>+1</b>	Estimates by authors;
<b>Sanitary and phyto-sanitary standards</b>	<ul style="list-style-type: none"> <li>Slow progress in implementing the 2005 recommendations of European experts concerning veterinary sector;</li> <li>Elaboration of a plan on monitoring of residuum in a number of animal products;</li> <li>Requested visit of a DG SANCO inspection needed to launch exports of Moldovan animal products;</li> </ul>	<ul style="list-style-type: none"> <li>Perspective of adjusting Moldovan animal exports to requirements of community market;</li> </ul>	<ul style="list-style-type: none"> <li>Institutional inertia and insufficient administrative capacity of responsible agencies;</li> </ul>	<b>+0.5</b>	Estimates by authors;

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## **8. BUSINESS CLIMATE**

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

The Parliament adopted in the 1<sup>st</sup> quarter the law on growth of statutory capital of Stock Societies from 10,000 lei up to 100,000 lei. Under the law, all stock societies in Moldova must either increase their statutory capital up to 100,000 lei or to turn in other legal forms or to close up. This law aims to adjust the national legislation to E.U. laws. This change will allow insolvent companies to reorganise or close up and will improve the quality of new registered companies.

The legislature adopted in March 2007 two laws on abrogation of two pillars of Moldovan reforms (the law on abrogation of the Law # 861-XII from January, 1992 concerning rent and the law on abrogation of the Law # 459-XII from January 22, 1991 on property), which regulated the economic activity in the 1990s. Elimination of these laws and adoption of new laws to reflect better the economic reality of the country are an essential step toward development of business environment.

### ***Regulatory reform***

The Parliament adopted on July 7, 2006 amendments and completions to the law on entrepreneur's patent, which entered into force earlier this year. The amendments came on background of the fight against economic frauds that control bodies have discovered at enterprises which were cooperating with patent holders, according to officials of the Ministry of Economy. The amendments aim to eliminate the patent as legal form of activity of entrepreneurs by 2009 (for certain activities), while the reorganisation of former holders will be financed from state budget. Given additional expenditures after reorganisation and low financial capacities of former patent holders, it is hard to affirm that this initiative was inspired and it is a measure capable to encourage the development of business environment.

The reform strategy of framework on state regulation of entrepreneurial activity was adopted under the Government Decision # 104 on February 1, 2007. The adoption of the strategy involves the elaboration and implementation of new policies and normative acts and creation of an institutional framework based on modern and efficient levers. The expected effects are the growth of investments, economic growth, better quality of environment, economic prosperity. The reform pretends to be a balanced approach of drafting and implementation of regulation, though this is possible only with an in-depth analysis of problems, identification of possible solutions and establishing of interests of sides, which will fall under incidence of the new regulations – the state, business and society in general.

The special commission for optimisation of legal framework on regulation of entrepreneurial activity was created under the Parliament Decision # 68-XVI on March 22. Ministries in charge with assessing the possible impact of implementation of new reforms are inert and this fact hardens the progress of reform.

Authorities did not take significant measures toward most problematic issues of Moldovan business environment – licensing and authorisation of buildings. The lack of positive changes in these fields was not compensated by progresses achieved by other sectors.

### ***Competition***

The Management Board of the National Agency for the Protection of Competition (NAPC) was appointed under the Parliament Decision # 21-XVI from 16.02.2007. The newly-appointed director and deputy director attended the regional seminar TAIEX in Brussels on March 29-30. The action plan of the agency is being developed. A request seeking the promotion of a similar seminar in Moldova was delivered to the European Commission. Initiatives on creation and development of NAPC must be implemented in continuation, in order to develop an apolitical organisation, which would have adequate competences, including decision-making capacity; the right of investigation via self-notification, the right to issue executory titles and the right to sanction (for example, to hand in fines).

### ***Fiscal framework***

The draft law # 1404 on amendments and completions to some legal acts (Title II of Tax Code - Art.15, 18, 20, and others; the Law # 1164-XIII from 24.04.1997 on enforcement of Titles I and II of Tax Code - chapter IV; and others), published on 13.04.2007 stipulates tax amnesty, capital amnesty and reduction of income tax to zero; the Parliament adopted the draft law after the first reading. It is hard to evaluate the impact of the three reforms on national economy and its competitiveness and it is hard to believe that Moldova will get rid of the present economic situation.

The adoption of the law on ratification of the convention with Israel and France was a step forward Moldovans working in these countries. This convention aims to avoid double taxation and to prevent tax evasion on income and capital taxes. The adoption of laws # 31-XVI and # 30-XVI from 22.02.2007 will have a positive effect on Moldovans working in the two states and on Moldovan economy, as they will encourage the return of capital earned by Moldovans in country.

**Monitoring grid 5. Business climate**

Indicators / Fields	Evolutions / Involutions in 1st quarter of 2007	Practical impact of changes	Factors of influence	Quantification of progress in 1 <sup>st</sup> quarter of 2007	Sources used for assessment
<b>Reform of commercial law</b>	<ul style="list-style-type: none"> <li>Adoption of law on growth of statutory capital of stock societies;</li> </ul>	<ul style="list-style-type: none"> <li>Adjustment of national legislation to E.U. laws;</li> <li>Better quality of existing and new players on market;</li> </ul>	<ul style="list-style-type: none"> <li>Part of regulatory reform;</li> </ul>	<b>+0.5</b>	Estimates by authors;
	<ul style="list-style-type: none"> <li>Abrogation of laws on rent and property;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Part of regulatory reform;</li> <li>Need to update the regulatory framework;</li> </ul>		
<b>Regulatory reform</b>	<ul style="list-style-type: none"> <li>Adoption of reform strategy of framework on state regulation of entrepreneurial activity;</li> </ul>	<ul style="list-style-type: none"> <li>Rise of investments;</li> <li>Economic growth;</li> <li>Better environment;</li> </ul>	<ul style="list-style-type: none"> <li>Need to update the regulatory framework;</li> </ul>	<b>+0.5</b>	Estimates by authors;
	<ul style="list-style-type: none"> <li>Creation of the special commission for optimisation of legal framework on regulation of entrepreneurship;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Need to update the regulatory framework;</li> </ul>		
<b>Competition</b>	<ul style="list-style-type: none"> <li>Creation of NAPC;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Condition stipulated by Moldova-E.U. Action Plan;</li> </ul>	<b>+1</b>	Estimates by authors;

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## **9. MARKET INSTITUTIONS**

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### ***Insurance sector***

Important changes for many national insurance operators started in the 1<sup>st</sup> trimester of 2007. Under the new law on insurance, the minimum registered capital of companies providing general insurance services must account to at least 15 million lei, for life insurance services must amount for minimum 22.5 million lei and for reinsurance companies must be minimum 30 million lei. Even more, the capital must be at least 4 million lei by the end of 2007.

Many firms which provided mediocre services and could not raise enough resources to increase their normative capital have worked on insurance market until now. Under these circumstances, we may suppose that more than one third of operators on insurance market will have to take extraordinary measures in order to meet the new legislation. In particular, the appearance of new operators on this market may be justified by merger of small companies. The consolidation of market, possible improvement of insurance services and more attractiveness of market for western investors will be the effect of these changes. There are 33 insurance companies in Moldova (of which only 6 meet the new capital norms), while the insurance market is worth about 550 million lei. The stricter requirements on minimum registered capital will reduce the number of insurance companies and may enhance the effectiveness of this sector.

### ***Banking***

The banking reported insignificant evolutions in the 1<sup>st</sup> quarter of 2007 due to winter holidays. However, it is worth to mention that acquisition of commercial bank Mobiasbanca by Societe Generale was formalised and the general assembly of shareholders took place. Banks with major domestic capital tried to strengthen their positions by contracting finances from European banks. Seeking and obtaining cheap foreign resources mean that we will be witnesses of intensification of competition on Moldovan bank market, especially on en-detail service segment (consumption credits, credits for agricultural enterprises, etc.). The domestic currency has appreciated versus main reference currencies on this background and the recent adoption of laws on fiscal amnesty, law on capitals and reduction of taxation to zero could intensify this evolution.

### ***Energy sector***

Following the rise of gas acquisition prices, the Management Board of the National Agency for Energy Regulation (NAER) decided on February 14 to increase by 9 percent the natural gas tariffs for all consumers. New tariff grids for electricity, heating production, heating delivery to final consumers have appeared (Decision # 240 from February 14, 2007). Higher prices in energy sector could impose the revision of sale prices in other sectors. According to statistics, prices of industrial producers grew much in February and this fact could pose new inflationist risks in economy. At the same time, this sector was preparing itself in the 1<sup>st</sup> quarter to speed up the definitive liberalisation of energy market. This could be also conditioned by Moldova's expected accession to UCTE.

### ***Quality infrastructure***

The quality infrastructure is a sensitive field for business and common consumers and, for this reason, the Parliament adopted important laws on March 6, 2007: the Law # 1016-IV 1 from March 6, 2007 on modification and completion of the Law # 590-XIII from September 22, 1995 concerning standardisation, which regulates the quality infrastructure. The law on technical regulation activity, which aims to remove all technical obstacles on way of trade, will be enforced after 6 months. The revision and modification of the law on standardisation is an important news for businessmen, as well as the Law # 420-XVI from December 22, 2006 on general security of products, which stipulates a number of tasks, competences and responsibilities concerning food security.

## 10. BORDER CONTROL AND MIGRATION MANAGEMENT

### *December 4, 2003 concept on border control*

The situation in this sector was in the 1<sup>st</sup> trimester 2007 like in the 4<sup>th</sup> quarter of 2006, which means no progresses were observed. The law on Border Guard Services, which is part of the Priority Plan of the Ministry of Foreign Affairs and European Integration and working agenda of the Parliament, was not adopted so far. Probably the draft law is being reconsidered in compliance with recommendations by E.U. experts. The opportunity of this draft is motivated by need of introducing provisions on organisational and functioning structure of the Border Guard Service, transforming the Border Guard Service into a body in charge with execution of legal norms, by amending appropriately the national legislation, adjusting Moldovan legislation on border sector to European standards and recommendations concerning organisation and functioning of border supervision and control services. The concept on state border guard was not adopted in the 1<sup>st</sup> quarter of 2007, though it should be approved in the 4<sup>th</sup> trimester of 2006.

### *Cooperation between border management agencies with neighbouring countries*

Better evolutions were observed in this area. High-ranking officials of E.U. have visited Moldova in the period concerned, being interested in activity of EUBAM inclusively. EUBAM continues to play a primordial role in improving the border management. According to the latest report by EUBAM,<sup>118</sup> border guard services of Moldova and Ukraine cooperate more productively and structural and information problems have been resolved (see the issue 5 of Euromonitor). Even more, all fields of activity at the Moldova-Ukraine border registered progress in 2006. Most significant progresses were achieved against illegal border crossing, in the field of development of risk analysis system and cooperation between services of Moldova and Ukraine.

However, additional measures are needed to modernise the border control system. The same report said that cases of smuggling were registered in continuation on the Transnistrian segment of the Moldova-Ukraine border in the past months. Ukrainian services confiscated about 350,000 smuggled cigarettes in January 2007 only. Losses suffered by Ukrainian budget after falsification of origin certificates were estimated at more than 2 million euros. More knowledge about responsible zone allowed focussing on following fields: goods smuggling on Moldovan-Ukrainian segment of the border, counterfeiting of customs duties including for goods imported in Ukraine via free economic zones of Moldova, illegal migration, human trafficking, trafficking in drugs, etc.

It was noted at the 5<sup>th</sup> sitting of the consultative council of EUBAM in March that the reformation of structures of customs and border guard services of Moldova and Ukraine will remain the main element of better border control in 2007. The same sitting approved the action plan of EUBAM for 2007. The basic priorities include improvement of functioning standards of customs and border guard services, support for anti-corruption strategy, and improvement of risk analysis structures and intensification of joint border control. The E.U. Mission to Moldova said more than once that EUBAM helps intensifying cooperation between border control services of Moldova and Ukraine. The mission's activity aimed at customs and border control on basis of European procedures encouraged Transnistrian economic agents to get legal registration and to meet European standards. The mission continues to monitor the process of registration of Transnistrian economic agents in Chisinau. For example, approximately 300 Transnistria-based economic agents were registered in late March 2007.

### *Continuation of Soderkoping process*

Significant evolutions in Moldova's participation in the Soderkoping process were not registered in the 1<sup>st</sup> quarter like in the 4<sup>th</sup> trimester of 2006. Authorities should work more on regional and international cooperation, given the increasing number of illegal border crossing cases in Moldova, committed in particular by individuals from Asian countries. Competent structures must use at maximum the tools offered by European institutions, in order to consolidate the trans-border cooperation. In addition, the exchange of experience in the field of border management, migration/asylum management and division of responsibilities within the Trans-border Cooperation Process – the Soderkoping Process – with the view to resolve these problems shall intensify.

### *Assessment and monitoring of migration*

The Bureau for Migration and Asylum, a structure affiliated to the Interior Ministry (see the issue 5 of Euromonitor), keeps the formal record of migration starting January 1, 2007. Of course, the institutional changes have directly influenced the situation in this sector, delaying sometimes Moldova's progresses in implementing the EUMAP. However, nongovernmental structures, particularly international organisations (International Organisation for Migration – IOM/Moldova, the International Centre for Migration Policies and Development ICMPD, etc.),<sup>119</sup> have a substantial contribution to impact of migration (monitoring and analysis of this phenomenon).

<sup>118</sup> <http://www.eubam.org/index.php?action=show&sid=trc623qnhk5fsisdumapjibx8qib9tv&id=311>

<sup>119</sup> All these organisations are implementing projects directly correlated with migration;



Updated official data reveal that 1,970 immigrants arrived in Moldova in 2006; of them 607 persons were issued permanent residence permits and 1,363 persons got fixed-term permits. Most immigrants (828 persons) arrived in Moldova to work. As many as 695 persons immigrated to Moldova to create families, while another 447 arrived for education. According to statistics, most immigrants arrived from Turkey – 445 persons. Further, 354 persons arrived from Ukraine, 182 from Russia, 171 from Romania, 112 from the United States. Other immigrants are citizens of Bulgaria, Israel, Azerbaijan, Italy, Syria and other countries. Of course, these data do not reveal the real situation, as many immigrants arrive or work in Moldova illegally,<sup>120</sup> so that the real number of immigrants could be higher. At the same time, 1,608 Moldovan citizens repatriated themselves in 2006.

The recent project ***Beyond Poverty Alleviation: Developing a Legal, Regulatory and Institutional Framework for Leveraging Migrant Remittances for Entrepreneurial Growth in Moldova***, implemented by the International Organisation for Migration (the Mission to Moldova), the Ministry of Economy and Commerce and the International Labour Organisation with financial support of the European Commission, could also improve the monitoring on migration processes. The main activities of the project include the elaboration of a national remittance programme, improvement, collection of data on remittances, conduct of information campaigns to promote legal money transfer channels, training of emigrants and their families to start up business, etc.

At the same time, Chisinau hosted two events on migration, rights of migrants to work and social protection. Of course, the Government should think about social protection of migrants because the emigration may also produce negative consequences for economy, particularly for social system, because the comeback of many emigrants could affect the social and pension system of Moldova. Moldovan authorities should sign bilateral agreements with states where Moldovans are legally working, which would stipulate the transfer of contributions to the Moldovan Social Fund proportionally to their earnings.

### ***Correlation of domestic legislation to European laws***

The Government decision on creation of the *automatic integrated information system in the field of migration* was an important progress in the 1<sup>st</sup> quarter of 2007. Under this decision, the Interior Ministry as beneficiary along with the Ministry of Information Development, Ministry of Foreign Affairs and European Integration, Ministry of Economy and Commerce, Border Guard Service, Customs Service and Information and Security Service will create and implement the *automatic integrated information system in the field of migration* (departmental information resource within the basic information resource state register of population) by September 1, 2007. As said in the precedent report (the issue 5 of Euromonitor), many participating state structures hold their databases, but they are not integrated and are at various development stages, while this system will keep a single record in this area.

In February 2007, local experts started evaluating the legal development framework and adjusting it to European and international standards. This activity is part of the project Developing the Capacity of Elaboration of Migration Management Procedures and Migration Policies in Moldova, financed by SIDA and implemented by IOM jointly with Moldovan Government. At the same time, the adjustment of local legislation will require a priority approach of following issues: visa/travel policies, residence (entrance/exit/stay), and simplification of regime of employment of persons from third countries, reunification of families (detention/expulsion/deportation/extradition), and readmission.

### ***Visa policies***

Preparations for the formal opening of the Joint Visa Issuance Centre (which will function in the Hungarian Embassy) on April 25, 2007 were completed in the 1<sup>st</sup> quarter of 2007. This centre will issue Hungarian, Austrian, Latvian and Slovenian visas at the beginning and Denmark, Finland, Estonia and Belgium will join it later. This first centre in community history will issue at least 12,000 visas a year. On the other hand, statistics reveal that Moldovans are much more interested in visas for Italy, Spain and Portugal (which did not post readiness yet to participate in this project) than for the four countries which take part in the E.U. project. Further progresses in consolidating the centre will depend on Moldova's successes in implementing the EUMAP, particularly in migration management area.

Romania has also posted intention to open a similar centre in its Embassy in Chisinau, but Moldovan authorities were very reserved and did not react to Bucharest's initiative. Even more, Chisinau has finally refused Romania to open two consulates in Balti and Cahul to process visas there. However, the future initiative of Romania on this issue will have to be negotiated with Hungary. Many experts consider that Romania would be a better coordinator of the Joint Visa Centre for Moldovan citizens.<sup>121</sup> Firstly, Romania is the most important supporter of Moldova's accession to the E.U., declaring and demonstrating this fact before and after it joined the E.U. (in spite of anti-Romanian statements of rhetoric of Moldovan Government). Secondly, the Romanian Embassy in Chisinau is very experienced in working in Moldovan territory and with Moldovan population due to the linguistic similitude and long presence in our country. The Ministry of Foreign Affairs and European Integration negotiated with E.U. officials the readmission and facilitated visa agreements with E.U. members. However, as we have said in the issue 5 of Euromonitor, progresses in this area depend less on Moldovan authorities and

<sup>120</sup> The Interior Ministry discovered many cases of illegal labour of immigrants in the 1<sup>st</sup> quarter of 2007 (for more details, visit [www.mai.md](http://www.mai.md)).

<sup>121</sup> Denis Cenusa, [http://www.expert-grup.org/pub/cs/cs\\_18.pdf](http://www.expert-grup.org/pub/cs/cs_18.pdf)

more on Brussels authorities and E.U. member states. However, an important diplomatic success of the Ministry of Foreign Affairs and European Integration is to obtain the consent of member states for empowering the European Commission to negotiate the facilitation of visa regime and signing of readmission agreement. The Moldovan diplomacy has actually completed the negotiations with the European Commission regarding the facilitated visa and readmission agreements, but the results disappointed our expectations.<sup>122</sup> We must not forget that the negotiated agreements will undergo a long ratification procedure in the European Parliament.

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<sup>122</sup> MOLDPRES, April 17, 2007

**Monitoring grid 10. Border control and migration management**

Indicators / Fields	Evolutions / Involutions in 1st quarter of 2007	Practical impact of changes	Factors favouring / disfavouring progress	Quantification of progress in 1 <sup>st</sup> quarter of 2007	Sources used for assessment
Cooperation in border management and control	<ul style="list-style-type: none"> <li>Visible progresses in securing the state border;</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of smuggling and number of crimes on Transnistrian segment of state border;</li> <li>Higher number of Transnistria-based enterprises registered in Chisinau;</li> <li>Adequate training of Border Guard Service to control border and growth of its professional capacity;</li> <li>Consolidated cooperation between Border Guard Services of Ukraine and Moldova;</li> </ul>	<ul style="list-style-type: none"> <li>Support of EUBAM, E.U., Border Guard Services of Moldova and Ukraine;</li> </ul>	+1	E.U., MFAEI of Moldova, Border Guard Service, EUBAM ( <a href="http://www.eubam.org">www.eubam.org</a> ), Soderkoping Secretariat (Kiev, Ukraine);
	<ul style="list-style-type: none"> <li>Delayed reformation of the Border Guard Service and Customs Service;</li> </ul>	<ul style="list-style-type: none"> <li>Negative implications of process of modernisation of these structures;</li> </ul>	<ul style="list-style-type: none"> <li>Slower implementation of reforms by authorities;</li> </ul>		
Training and modernisation of Border Guard Service	<ul style="list-style-type: none"> <li>Participation of Border Guard Service in training seminars held by EUBAM and other interested players;</li> <li>At the same time, modification of legal framework on modernisation of the Border Guard Service is stagnating;</li> </ul>	<p>Better professional consolidation of functionaries of the Border Guard Service and promotion of European standards;</p> <ul style="list-style-type: none"> <li>Delayed modernisation of the Border Guard Service;</li> </ul>	<ul style="list-style-type: none"> <li>Active participation of EUBAM, E.U.;</li> <li>Legislative delay of Moldovan authorities;</li> </ul>	+0.5	
Monitoring and assessment of migration	<ul style="list-style-type: none"> <li>Better monitoring and assessment of migration by competent structures with missions to Moldova (IOM, ICMPD, OSCE, Winrock etc.);</li> </ul>	<ul style="list-style-type: none"> <li>International cooperation in the field of migration;</li> <li>Moldova's participation in AENEAS Programme;</li> <li>Consolidation of capacities of implementing policies on migration and asylum;</li> </ul>	<ul style="list-style-type: none"> <li>Local and international cooperation between competent structures and authorities;</li> </ul>	+1	MIA (BMA), IOM Chisinau, OSCE, MEC;
	<ul style="list-style-type: none"> <li>Government decision on creation of automatic integrated information system in the field of migration;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible for the time being, but there are optimistic expectations regarding operative data;</li> </ul>	<ul style="list-style-type: none"> <li>Institutional inertia of structures participating in this process is still observed;</li> </ul>		
Visa policies and alignment of legislation to E.U. norms	<ul style="list-style-type: none"> <li>Creation of the Joint Visa Issuance Centre (JVC);</li> </ul>	<ul style="list-style-type: none"> <li>Optimisation of process of issuing visas of some E.U. member states;</li> </ul>	<ul style="list-style-type: none"> <li>Efficient cooperation between E.U. officials and Moldovan authorities;</li> </ul>	+1	MFAEI, CoE, E.U., diplomatic missions to Moldova, etc.
	<ul style="list-style-type: none"> <li>Slow signing of readmission agreements with E.U. member states;</li> </ul>	<ul style="list-style-type: none"> <li>Restricted temporary framework;</li> </ul>	<ul style="list-style-type: none"> <li>Efforts of MFAEI;</li> </ul>		

## **11. COMBAT OF TRAFFICKING IN HUMAN BEINGS**

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

According to preliminary data provided by structures in charge with assising and monitoring the trafficking in human beings, the human trafficking declined in the 1<sup>st</sup> quarter of 2007. At the same time, experts describe the human trafficking, which still brings exorbitant gains to traffickers, as one of most pressing and worst problems in implementation of the action plan. A recent report by the Prosecutor-General's Office and statements by the centre for the combat of trafficking in persons (CCTP), law enforcement bodies discovered and registered approximately 470 offences linked to human trafficking in 2006 (397 offences were registered in 2005), including 245 penal cases were filed on human trafficking charges, 59 on child trafficking, 7 cases on child smuggling, 124 cases on pimping, 31 cases on illegal migration, and 2 cases on organisation of begging.

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

Following efficient cooperation between state structures and competent organisations, the coordination of actions against human trafficking improved in the 1<sup>st</sup> quarter. At the same time, Moldovan authorities were interested in establishing a control on migration and look for permanent and efficient mechanisms for exchange of information about illegal migration. In this respect, the MFAEI was empowered to create and coordinate an automatic integrated information system between Ministry of Information Development, Interior Ministry, Ministry of Economy and Commerce, Border Guard Service and Information and Security Service.

Many local and international experts have told a roundtable held by the Information Bureau of the Council of Europe in Moldova in March 2007 that the human trafficking is a grave social problem, not a secondary issue. Some experts said that Moldova hold all legislative levers needed to prevent and combat the human trafficking, but the implementation of laws is very faulty. On the other hand, Moldova was part of the first four states which ratified the 2005 CoE Convention against Trafficking in Human Beings. The document was ratified by Moldova, Albania, Austria and Romania until now.

International and nongovernmental organisations have provided a considerable support for preventing and combating the human trafficking. The supporters include the U.S. Embassy to Moldova, the OSCE Mission to Moldova, the Mission of the International Organisation for Migration, the United Nations' Children Fund (UNICEF), the La Strada International Centre for the Protection and Promotion of Women's Rights, the Centre for the Prevention of Trafficking in Women, and others. These missions and organisations have held roundtables and training seminars on prevention and combat of human trafficking in the period concerned.

### ***Prevention of human trafficking and assistance of victims***

Domestic law bodies have achieved important successes in combating the organised crime, trafficking in drugs and persons and other crimes last year due to support of some missions to Moldova (the U.S. Embassy, OSCE, IOM, UNICEF, etc.). In this regard, centres for assistance and protection of victims of human trafficking will be created in Moldova at community level and the Government has approved the framework regulation on organisation and functioning of these institutions. These centres will protect and temporarily shelter victims of human trafficking and will reintegrate them into society, family and community. According to the regulation, the centres will accommodate the victims of human trafficking for a 30-day term or even for up to 6 months, if needed be. At the same time, the term of accommodation of victim will be extended for period needed for her security, if a real danger threatens his/her life and health.

The Ministry of Health and Social Protection will coordinate the opening of these centres in Moldova and will monitor their activity. The expenditures for implementation of this decision will meet the allocations foreseen by these budgets every year. At present, Moldova has one institution of this kind - the rehabilitation centre under aegis of the International Labour Organisation. The institution is based in Chisinau and provides temporary residence, psychological consulting, social services, health and legal assistance, educational programmes, creative activities, and social reintegration assistance to its patients. There are many cases when victims assisted by rehabilitation centre cannot go back to their families or are homeless. Thus, it is necessary to develop a national mechanism of ensuring the continuity of the process of reintegration of victims by creating similar centres at community level.

The European Commission and Government decided in March 2007 to release about one million euros to Moldova and Ukraine in order to implement a project against human trafficking in the two countries. The project is financed via the European Commission's AENEAS Programme, aimed at providing specific and complementary financial and technical assistance to third countries in the areas of migration and asylum, and will be implemented by the International Labour Organisation, the International Migration Programme (ILO/MIGRANT) and the Vienna-based International Centre for Migration Policy Development (ICPMD). It will focus on a new approach of

human trafficking in the light of principles of the fundamental conventions of ILO, goals of the Country Programme Decent Labour signed by Government and International Labour Organisation in June 2006.

The goal of this action is to help a progressive combat of unregulated migration, particularly of trafficking in persons, its activity aims to formulate efficient occupational measures, to regulate the labour force migration,<sup>123</sup> improve mechanisms of protection of unregulated migrants and victims of trafficking in human beings, and to intensify the dialogue and cooperation between nongovernmental agencies, social partners and civil society. The project is expected to improve the migration policies and legislation in the area, ensure the access of potential migrants to information about migration and legal migration ways, consolidate the National Action Plan against Trafficking in Human Beings, to increase the number of victims delivered to assistance and socio-economic reintegration services, etc. The Ministry of Economy and Commerce, Ministry of Social Protection, Ministry of Family and Child, National Employment Agency, Interior Ministry, other state institutions are implementation partners of this project, while the direct beneficiaries include potential migrants, job seekers, victims and potential victims of trafficking in persons.

### ***Combating the phenomenon***

According to data of the Interior Ministry, Prosecutor-General's Office and Centre for the Combat of Trafficking in Persons for the 1<sup>st</sup> quarter of 2007, 315 criminal cases on human trafficking-related charges were delivered to law courts in 2006, of which 141 penal cases on human trafficking, 52 cases on child trafficking, 101 cases on pimping charges, 20 cases on organisation of illegal migration, and one case on organisation of begging. Of course, these are only some of lots of undiscovered cases. Law courts sentenced 173 persons for these crimes in 2006 (102 in 2005), of them 62 for human trafficking, 85 for pimping, 7 for child trafficking, 13 for organisation of begging, 4 for organisation of illegal migration, and 2 for forced labour.

Analyses and commentaries on situation in this area revealed that competent bodies do not take enough measures to combat the factors and conditions that encourage the illegal migration, including human trafficking. Not all measures stipulated by the National Action Plan on Combat of Human Trafficking approved under Government Decision # 903 from 25.08.2005 were implemented. The phenomenon is sporadically analysed sometimes and conclusions are exaggerated. New methodologies of complex investigation of this scourge, which would help discover transnational channels, are often absent.

In addition, the quality of the process of prevention and combat of human trafficking, quality of penal investigations conducted by CCTP on this segment is bad, while roots, causes of this phenomenon are not elucidated. Law courts often acquit the suspects without necessary arguments and reasons. For example, prosecutors represented the state prosecution in 12,581 criminal cases in 2006 and law courts acquitted 353 convicts in 258 cases.<sup>124</sup>

According to an analysis by prosecutors, following are the main reasons of judgments on acquittal: failure to establish how the crime was committed; qualifying signs for legal framing of offence; ignorance of legislation in effect when the crime was committed and charged; collection of evidence by essentially violating the Code of Criminal Procedure; creation of premises for wrong founding of accusations on null evidence that cannot serve as basis for judgment; arbitrary sentences on acquaintance demonstrate the imperfection of the law on finishing of private conviction of judge, and others.

<sup>123</sup> In 2005 the International Labour Organisation carried out the first global estimation of the number of victims of forced labour in the entire world. According to the report A Global Alliance Against Forced Labour, at least 12.3 million people across the world are forced to work or every 500<sup>th</sup> person on world map. Illicit gains raised by traffickers from trafficking for forced labour purpose are estimated at about 32 billion dollars a year.

<sup>124</sup> <http://www.procuratura.md/md/com/>

**Monitoring grid 6. Combat of trafficking in human beings**

Indicators / Fields	Evolutions / Involutions in 1st quarter of 2007	Practical impact of changes	Factors favouring / disfavouring progress	Quantification of progress in 1 <sup>st</sup> quarter of 2007	Sources used for assessment
<b>Evolution of human trafficking</b>	<ul style="list-style-type: none"> <li>The official number of trafficked persons is still high;</li> </ul>	<ul style="list-style-type: none"> <li>Polarising of society;</li> <li>Abandon of children;</li> <li>Negligence of persons who become victims of human trafficking;</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient involvement of decision-making factors;</li> <li>Reticence of public opinion;</li> </ul>	0	Interior Ministry ( <a href="http://www.mai.md">www.mai.md</a> ), Prosecutor-General's Office, LaStrada, Winrock International, etc.;
<b>Coordination of actions</b>	<ul style="list-style-type: none"> <li>Better cooperation between structures in charge with monitoring and assessment of human trafficking and state bodies;</li> </ul>	<ul style="list-style-type: none"> <li>Higher number of convicts;</li> <li>More receptive society toward human trafficking;</li> </ul>	<ul style="list-style-type: none"> <li>Single proceeding of systematised data is still difficult;</li> <li>Competent and state organisations from province are more inert;</li> </ul>	+1	Interior Ministry, Prosecutor-General's Office, LaStrada, Winrock International, etc.;
<b>Prevention of human trafficking and assistance of victims</b>	<ul style="list-style-type: none"> <li>Efficient cooperation between international and national missions in preventing human trafficking and assisting victims of trafficking in persons;</li> </ul>	<ul style="list-style-type: none"> <li>Financial and logistic contributions for prevention of human trafficking and assistance of victims of this phenomenon;</li> <li>Population could be more receptive and cautious on medium and long terms;</li> </ul>	<ul style="list-style-type: none"> <li>Support of international organisations;</li> <li>Desire of local players to participate more insistently in preventing the human trafficking;</li> <li>Enforcement of regulation on organisation and functioning of specialised institutions;</li> </ul>	+1.5	Interior Ministry, Prosecutor-General's Office, LaStrada, Winrock International, etc.;
<b>Combat of phenomenon</b>	<ul style="list-style-type: none"> <li>Many human traffickers were sentenced;</li> </ul>	<ul style="list-style-type: none"> <li>Higher number of tried human traffickers;</li> <li>More receptive mass media toward mediating this phenomenon;</li> </ul>	<ul style="list-style-type: none"> <li>Victims of human trafficking are more receptive toward cooperating with police bodies;</li> <li>Meetings on prevention and struggle against human trafficking;</li> </ul>	+0.5	Interior Ministry, Prosecutor-General's Office, LaStrada, Winrock International, etc.
	<ul style="list-style-type: none"> <li>Better development of international cooperation;</li> <li>Sometimes the quality of proceedings leaves much to be desired;</li> </ul>	<ul style="list-style-type: none"> <li>Gained experience;</li> <li>More promptness;</li> <li>Law courts acquitted many accomplices in human trafficking;</li> </ul>	<ul style="list-style-type: none"> <li>Opening of structures in charge with combating human trafficking in the region;</li> <li>Intense activity of Moldovan NGOs;</li> <li>Failure to establish the way the crimes were committed;</li> <li>Creation of premises for founding wrong accusations;</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 the public”. The project is being implemented by two non-governmental organisations: ADEPT and EXPERT-GROUP, and is financed by Soros-Moldova Foundation. 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 central 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, based in the Republic of Moldova. ADEPT was registered in January 2000 and has been awarded the public benefit status. 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 nongovernmental 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-GRUP expertise is applied.