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**Implementation of reforms initiated accordingly to EU-Moldova,
Assessment of progress in March-June 2008**

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Authors: *Igor BOTAN*

Corneliu GURIN

Elena PROHNITCHI

Alexandru MOCANU

Valeriu PROHNITCHI

Alexandru OPRUNENCO

Ana POPA

Victoria VASILESCU

Note: *The authors have drafted this report with goodwill and good intentions. The authors are solely responsible for their opinions and conclusions, which are not necessarily shared by the Soros-Moldova Foundation, Moldovan Government and other institutions mentioned in this report.*

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ABBREVIATIONS AND ACRONYMS

ATP –Autonomous Trade Preferences;

BGS – Border Guard Service;

CCTP – Centre for Combating Trafficking in Persons;

CCECC – Center for Combating Economic Crimes and Corruption;

CEC – Central Electoral Commission;

CHRM – Centre for Human Rights of Moldova;

CIS – Commonwealth of Independent States;

CoE – Council of Europe;

COEST - Working Group on Eastern Europe and Central Asia;

CPA Reform – Central Public Administration Reform;

CVAC - Common Visa Application Centre;

EC – European Commission;

ECHR – European Court of Human Rights;

EGPRSP – Economic Growth and Poverty Reduction Strategy Paper;

ENP – European Neighbourhood Policy;

EU – European Union;

EUBAM – European Union Border Assistance Mission to Moldova and Ukraine;

EUMAP – European Union – Moldova Action Plan;

GDP – Gross Domestic Product;

IOM – International Organisation for Migration;

LPA Reform – Local Public Administration Reform;

OSCE – Organization for Security and Cooperation in Europe;

MET – Ministry of Economy and Trade;

MFAEI – Ministry of Foreign Affairs and European Integration;

MIA – Ministry of Internal Affairs;

MID – Ministry of Information Development;

NARTI – National Agency for Regulation in Telecommunications and Informatics

NBM – National Bank of Moldova;

NBmi – National Bureau for Migration;

NBS – National Bureau for Statistics of the Republic of Moldova;

NCEI – National Commission for European Integration;

NHRAP – National Human Rights Action Plan;

NIJ - National Institute of Justice;

PACE – Parliamentary Assembly of the Council of Europe;

PCA – Partnership and Cooperation Agreement;

PGO – Prosecutor-General’s Office;

PRGF – Poverty Reduction and Growth Facility;

PSC – Political and Security Committee;

RM – Republic of Moldova;
SCJ – Supreme Court of Justice;
SCM – Superior Council of Magistracy;
SPSEE – Stability Pact for Southern Eastern Europe;
USD – U.S. dollar;

INTRODUCTION

The deadline of the European Union – Moldova Action Plan (EUMAP) besides the expired term of the EU-Moldova Partnership and Cooperation Agreement (PCA) opens a new round of bilateral relations: preparation, negotiation and adoption of a new agreement. From the EU perspective new relations with the Republic of Moldova are regarded in the light of the December 5, 2007 Communication from the European Commission to the European Parliament “*A Strong European Neighbourhood Policy*”. This document besides the oral reconfirmation by European Commission President José Manuel Barroso at the January 14, 2008 meeting with Moldovan President extends the implementation term of EUMAP as an EU cooperation instrument with Moldova until all potential of this document is explored.

In spite of Moldova’s progress in implementing the EUMAP noted by European high-ranking officials and particularly emphasised in the country report on Moldova released on April 3, 2008, the imperfect enforcement of legislation adjusted to EUMAP requirements additionally to chronic arrears in a number of areas of major importance such as the rule of law and independence of the judiciary, human rights and freedom of the media, especially of public broadcasting, autonomy and efficiency of local public administration, investment climate, etc., are the major problem so far.

By adopting the *Priorities of the European Integration Agenda for 2008* in May 2008, Moldovan authorities confirmed their decision to follow the European integration course. The document aims to remedy „shortcomings in implementing laws” and focus efforts on reforming sensible areas indicated in the Progress Report by the European Commission. From this perspective, *Priorities for 2008* are a small action plan to be implemented; indicate institutions in charge with these actions and terms. The following prove the constant effort focussed on the invoked directions: „the new format of the National Commission for European Integration led now by Moldovan President, and the new Government of the Republic of Moldova.” According to the document concerned, „the National Commission is decided to ensure a correlation between European integration priorities, internal strategic framework and allocation of adequate funds for these priorities,” and the National Commission “will hear implementation reports every month,” in order to monitor the governmental procedures regularly.

Although the *European Integration Agenda* stipulates the approach of shortcomings signalled in the Country Report by the European Commission accordingly to expectations and EUMAP implementation practices, the way the National Commission for European Integration was created and members were appointed raised confusion, particularly in connection with the unexplained non-inclusion of Chairman of the Parliament and representatives of civic organisations who have been part of this commission. In this context and in order to cover the absence of civic organisations in the National Commission, the project „**Moldova-EU Relations: Improving Public Information and Debate on Key Developments**” implemented with the financial support of the SOROS-Moldova Foundation aims to monitor both the implementation of priorities of the *European Integration Agenda* and a series of adjacent developments. The beginning of the “reflection period” when experts on behalf of the European Commission and Republic of Moldova establish priorities to further negotiate clauses of a new bilateral agreement requires a fair monitoring to estimate Moldova’s proximity to objectives marked by European standards and to outline areas in which development is halted.

SUMMARY

Political dialogue and democratic institutions

The dialogue between the Republic of Moldova and European Union continued to be dynamical in March-June 2008. Beginning reflections on a new legal framework with the Republic of Moldova by the European Commission and the Mobility Partnership between the Republic of Moldova and European Union were key progress.

Moderate accomplishments and deepening of some previously reported problems were noticed in the area of democratic institutions. Moderate accomplishments include among others the consolidation of legislation on rights of the child, employees and prison inmates, development of dialogue between authorities and civil society and CoE, enforcement of the new Law on public assembly. Major problems are linked to the continued violation of human rights (freedom to expression, right to be informed, right to a fair trial, right to property, etc.), faulty implementation of legislation on human rights, sentencing of Moldova by ECHR in a big number of cases (24), degrading situation of the media, delayed adoption and enactment of many laws in the area.

Consolidation of administrative capacity

The effective implementation of reforms continues to be a serious challenge and problem for Moldovan authorities and the shortage of administrative capacities, politicised administration and low potential of public sector jeopardise possibilities to choose goals and implement key policies. **The CPA Reform** has slowly developed because of the appointment of a new Government, inherent institutional modifications, as well as due to very late laws aimed at building the ground for further activity of public functionaries. The real impact of the **LPA Reform** is limited so far because of complexity of problems and central authorities do not prove a clear political will to help enhancing performances and improving activity of local administrations as they do not hold the general control on these administrations, choosing to provide assistance on the “party-building” line. The anti-corruption fight is the permanent focus of authorities and absorbs much foreign assistance, but it does not produce systemic and clear results, with majority of population being very sceptical over efforts in this field.

Transnistrian conflict

According to the March 21, 2008 Declaration by the State Duma of the Russian Federation “concerning Russia’s policy on Abkhazia, South Ossetia and Transnistria”, the “universality of the Kosovo precedent” is inapplicable for the time being. It notes that Russia respects the sovereignty and territorial integrity of Georgia and Moldova inside internationally recognised borders. Russian authorities encouraged the meeting between President Voronin and Transnistrian leader Igor Smirnov aimed at making conditions to resume negotiations in the “5+2” format. It was decided after the Voronin-Smirnov meeting to set up five expert groups equally co-opted from both banks of the Dniester, which will begin consultations in the following areas: economy and trade, development of infrastructure, social sector and healthcare, humanitarian aid, environment and agriculture. In spite of the promising start of consultations on functioning of expert groups, it was noticed meantime that fast progress is impossible.

Justice

The situation in the area of justice continues to raise serious concerns both inside the country and of community organisations, which particularly stressed the necessity of optimising the judicial reform. Progress made till late June were minor, though this is a key area, with actions aimed to develop this key sector having a formalised theoretical nature: „Improving the system”; „Training”; „Working out a programme”; „Holding a campaign”; „Conducting a research,” and others. The judicial self-administration body (SCM) itself has to signal trends limiting the independence of the judicial authority, passivity of legislature and executive over key problems (raising the number of judges and funds). The reform of the Prosecutor-General’s Office is stagnating, an accessible legal assistance system is unavailable, and situation in prisons unfits so far the norms of national legislation and international standards in the field.

Development and economic reforms

Developments in March-June were marked by a strong price rise early this year. The subsistence minimum has grown faster than the wages in economy, while the average monthly pension covers only half of the minimum consumption basket even after indexation. Being alarmed with these evolutions, the National Bank has already increased twice the basic interest rate on REPO securities and the mandatory reserve norm for means attracted by commercial banks. These serious interventions reveal the firm position of the National Bank in reaching the key goal of maintaining stable prices. It seems that the Ministry of Finance backs these initiatives by trying to reduce the budgetary deficit and targeting at a zero budgetary deficit.

Development and social reforms

Development and reforms in the social sector continued in the period concerned, and both progress and regress were noticed in this area. It is worth to mention actions and legislative reforms in the public health insurance

sector which require a special attention. At the same time, there were some shortcomings related to both legislative regulations in effect, in spite of efforts to meet EU standards, and to promptness to adopt drafts and take necessary actions. Although a number of new normative acts and modifications on social protection and integration were adopted, they did not have an impact so far. In certain cases such as indexation of social insurance indemnities and state social indemnities, the adopted amendments do not meet the real necessity and their impact is almost invisible.

International trade

Mixed evolutions were observed in the **foreign trade** sector in March-June 2008. On the one hand, economic relations with EU are developing. This evolution is supported inclusively by enforcement of the Autonomous Trade Preferences on March 14, 2008. Export quotas for products such as wine and sugar have been used almost half. But the honey export to the community market was suspended, as some Moldovan beekeepers violated European requirements in this area. Although the wine export to the European market has grown much, CIS member states are strengthening their position of main consumers of Moldovan wines. Some progress was made in implementing the “one-stop-shop” principle in the customs sector, but there are some shortcomings so far. Another important progress is the promulgation of the Law on sanitary-veterinary activity adopted in October 2007. The adoption of this law should speed up reforms in this area, which are among most problematic, halting the export of Moldovan products to the EU market.

Business climate

Redressing the business climate is so far a major arrear of Moldova in implementing the Action Plan. The situation is not good according to experts and investors interested in Moldova, as well as in comparison with other countries in the region. In spite of efforts to reform this sector, Moldova did not progress much compared with majority of countries in the region. Authorities made efforts in March-June 2008 to redress the situation, with businessmen being very optimistic over the new Government headed by Zinaida Greceanii. At least at the level of political rhetoric, the new Government is realising the role of the private sector and business climate in increasing investments and jobs. Privatisation of state securities in some enterprises continued in the period concerned. The Government gave up the confrontation with patent holders, extending until 2017 the term of retailing on the basis of entrepreneur's patent. At the same time, the political influence of the governance on business climate has increased in the period concerned. The anti-corruption fight did not produce great results, though it was part of the agenda.

Border, migration and trafficking in human beings

Evolutions in this area were linked to increasing assistance, correlation of national legal norms with European regulations, cooperation between agencies, continuation of EUBAM, training of employees and other subjects concerned, enactment of earlier adopted laws and promotion of new agreements with EU (on visa facilitation and readmission), stronger fight against trafficking in human beings. *Shortcomings* are related to delayed adoption of the Concept of the state border guard and other planned actions, shortage of resources, higher number of migrants. The 2008 Report on Trafficking in Persons by the U.S. Department of State ranked Moldova in the 3rd category among countries which do not respect minimum standards for the elimination of trafficking and did not make important efforts in this regard in the period covered by this report. It mentions among major shortcomings the lack of progress in investigating cases of complicity of governmental officials in trafficking, as well as insufficient protection of victims of trafficking in human beings. Given this rating, the U.S. Government could limit the assistance to Moldova, inclusively via the Millennium Challenge Account, as well as by giving negative votes to assistance of international financial institutions.

1. POLITICAL DIALOGUE AND DEMOCRATIC INSTITUTIONS

Political dialogue: general assessments

- The EU-Moldova COEST Troika Meeting took place on March 18. It focussed on recent evolutions relating to the Transnistrian issue, activity of the EU Border Assistance Mission (EUBAM) to Moldova and Ukraine and Moldova-EU relations. Participants in the meeting stressed the importance of continuing the process of internal reformation of Moldova accordingly to CoE and OSCE standards in the spirit of Moldova's results in implementing the EU-Moldova Action Plan;
- On April 3, the European Commission released the Country Report on Moldova's progress in implementing the EU-Moldova Action Plan in November 2006 – December 2007. According to the report, Moldova made progress in all EUMAP-covered areas, in particular, improvement of institutional framework, signing of the Agreement on Autonomous Trade Preferences and Visa Facilitation and Readmission Agreements, cooperation with EU in settling the Transnistrian conflict and foreign policy matters, management of the Moldovan-Ukrainian border, introduction of the certificates of origin for export commodities, establishing of the Agency for Protection of Competition etc. However, Moldova is so far behind as regards the **judicial reform, freedom of the media, anti-corruption fight, quality of investment climate and business environment**;
- On May 27, 2008, President Vladimir Voronin attended the 10th Meeting of the Moldova-EU Cooperation Council in Brussels. The meeting focussed on results of the EU-Moldova Action Plan; economic and political developments in Moldova; situation in Moldova in terms of democracy, rule of law, justice, human rights; border management and activity of EUBAM. EU representatives welcomed the progress made by Moldova in majority of EUMAP-covered areas, as well as developments in the Moldova-EU relations, but reiterated the **necessity to go on with reforms, particularly to consolidate democracy, the rule of law, to respect human rights and freedom of the media, to fight corruption and improve the investment and business climate. Moldova's capacity to organise and hold the 2009 parliamentary elections in a democratic manner has also a major importance**. European officials noted that the European Commission start reflections within the European Union regarding the future cooperation document to be signed between EU and Moldova. The contents of the future agreement will be discussed during bilateral consultations;
- The Mobility Partnership between Moldova and European Union was launched on June 5, 2008 to consolidate cooperation in legal migration management, prevent and fight against illegal migration and trafficking in human beings;
- The 6th Meeting of the Moldova-EU Cooperation Subcommittee on Energy, Environment, Transportation, Telecommunication, Science, Technology, Culture and Education took place in Brussels on June 25-27, 2008. The sides discussed progress made by Moldova and prospects of Moldova-EU cooperation in competence areas of the subcommittee. In particular, representatives of the European Commission appreciated developments in the area of electronic services. They also welcomed environmental evolutions, but EC experts recommended Moldova **to prioritise the national timetable on approximation of the legislation on environment and to go on with attracting civil society and private sector in working out and implementing policies on environment**. The European Commission announced that it has plans to adopt the mandate needed to begin negotiations on accession to the Energy Community Treaty in late July 2008. The Moldovan side sought Moldova's inclusion into the European Common Aviation Area and EC talks on building a Transport Community in South Eastern Europe.
- The National Commission for European Integration held a sitting on June 25, 2008. It heard a report on implementation of the 2008 plan on European integration priorities and a report on latest developments in Moldova-EU relations. Vladimir Voronin chaired the sitting and made public a project on Moldova's position regarding the contents of the new agreement with the European Union, which includes 5 key goals of Moldova: 1) to get a deeply free trade regime with the European Union; 2) to get a visa-free regime with EU; 3) to join the EU; 4) the name of the new agreement and the term to begin negotiations with EU concerning its contents. The sitting decided the following institutional changes: the Government Apparatus will be in charge with implementing European reforms concerning the European integration and the Ministry of Foreign Affairs and European Integration will coordinate the foreign policy of Moldova with the EU, hold negotiations on the new agreement with the EU. Under an earlier adopted decision, the National Commission for European Integration will meet at least once a month and journalists will be welcome to attend its sittings.

Democratic Institutions

Electoral Process

Progress:

- Elections to the People's Assembly of Gagauzia took place on March 16 and 30, 2008. International observers noticed that authorities have organised the elections in compliance with international standards, but there were many difficulties to prepare and conduct the electoral process such as shortage of funds for elections, unprofessional conduct of the members of electoral commissions, lack of updated electoral lists, etc.¹ National observers have drawn similar conclusions, confirming that "the organisation and conduct of elections to the People's Assembly of Gagauzia generally met the effective legislation of ATU Gagauzia with certain exceptions due to competence and transparency of CEC members."² On the other hand, the Yedinaya Gagauzia Movement claimed that elections to the People's Assembly of Gagauzia were organised and conducted with many breaches such as groundless registration of 15 persons who did not meet the legislation as candidates for deputies, use of administrative resources by central authorities (involvement of police bodies in electoral process), incomplete electoral lists and vote-buying.³

Shortcomings and problems:

- The Parliament has modified the Electoral Code by raising the electoral threshold up to 6 percent, prohibiting electoral blocs, banning holders of dual citizenship to run public offices, including becoming members of the Parliament.⁴ This decision has raised negative reactions among political parties from Moldova. International organisations recommended Moldova to lower the electoral threshold down to 5 percent. Even more, European officials have repeatedly raised concern with preparations for the 2009 parliamentary elections.

Human rights

Progress:

- Law # 26-XVI on public assembly from 22.02.2008 entered into force⁵;
- In March, the Parliament approved the new regulation, structure, functions and funding for the Center for Human Rights.⁶ According to the new regulation, the centre will be made of 4 ombudsmen enjoying the same rights and one of them will be specialised in protecting the rights of the child (called *lawyer of the child*). The centre will have territorial subdivisions in other municipalities and cities but Chisinau to hear petitioners and receive appeals. (**Objective (15.5) of EUMAP**);
- The Government approved in June the Decision # 748 on optimising the activity of the CHRM. It instructs the Ministry of Justice to start completing the Constitution of Moldova with regulations on ombudsmen and obligation to take measures demanded by ombudsmen, inclusively their participation in sittings of ministerial colleges and other central public authorities which will consider issues related to human rights⁷;
- Law # 105-XVI from 16.05.2008 concerning the protection of minors and other participants in criminal proceedings was adopted and entered into force (**Objective (24.1) of EUMAP**). Therefore, a special directorate will be set up in the Ministry of Internal Affairs to protect witnesses and persons who will cooperate in criminal proceedings;
- On March 28, 2008, the Parliament adopted the Decision #72-XVI concerning hearings on causes of decisions by the European Court of Human Rights (ECHR) regarding Moldova, execution of these decisions and prevention of violations of human rights and fundamental freedoms. The decision indicates the following reasons why the ECHR sentences Moldova: non-execution of judicial decisions or long legal procedures; late admission of applications by courts; irregular cassation of judicial decisions; issuance of clearly groundless decisions; arrest and holding without a valid or motivated arrest warrant; ill-treatment of suspects; torture; inadequate detention conditions; deprivation at national level of the right to ask compensations for violation of Convention; incorrect examination of cases on defence of honour and dignity; non-registration of religious denominations;
- Under the same decision, the Parliament established some tasks for the Government, Prosecutor-General's Office, Superior Council of Magistracy, National Institute of Justice, etc. Among others, the Prosecutor-General's Office „will take actions to efficiently implement the institution of recourse and will ensure the punishment of all public functionaries and judges for any grave violation for which the ECHR

¹ Election monitoring report, <http://www.alegeri.md/gagauzia2008/monitoring>;

² LHRM report, <http://www.e-democracy.md/files/elections/gagauzia2008/report-ladom-gagauzia-2008-3-ro.pdf>;

³ Communication by Infotag News Agency, 04.04.2008;

⁴ Law # 76-XVI on modification and completion of the Electoral Code from 10.04.2008;

⁵ Law # 26-XVI on public assembly from 22.02.2008, Monitorul Oficial 80-261 from 22.04.2008;

⁶ PD # 57-XVI from 20.03.2008 approving the Regulation, structure, functions and funding for the Center for Human Rights;

⁷ GD # 748 on optimisation of activity of the Center for Human Rights from 20.06.2008;

sentenced Moldova,” and the Parliament jointly with the Ministry of Justice will consider the possibility to set up an individual recourse mechanism in the Constitutional Court.

Shortcomings and problems:

- The European Court of Human Rights (ECHR) passed 24 decisions against Moldova in March-June 2008⁸ on the following cases: *Dacia SRL vs. Moldova*, *Rosca, Secareanu and others vs. Moldova*, *Vacarencu vs. Moldova*, *Megadat.com SRL vs. Moldova*, *Gradinar vs. Moldova*, *Moldovahidromas vs. Moldova*, *Calbor Corporation S.A. vs. Moldova*, *Cericenco vs. Moldova*, *Berzoi vs. Moldova*, *Lungu vs. Moldova*, *Caraman vs. Moldova*, *Hanganu vs. Moldova*, *Ciobanu and others vs. Moldova*, *Ardelean vs. Moldova*, *Teleba vs. Moldova*, *Pavlovschi and other 10 vs. Moldova*, *Novicov vs. Moldova*, *Boguslavschi vs. Moldova*, *Lupascu vs. Moldova*, *Duca vs. Moldova*, *Istrate (no. 2) vs. Moldova*, *Victor Savitchi vs. Moldova*, *Berezin vs. Moldova and Melinte and other 9 vs. Moldova*. Moldova was sentenced for violation of freedom of meetings and association, rights to a fair trial, effective recourse, protection of property, security of legal relations. The Court ordered to strike 17 applications out of its list of cases after the applicants and Moldovan Government reached friendly settlement agreements. In two cases, *Dacia SRL vs. Moldova* and *Megadat.com SRL vs. Moldova*, the Court is due to establish the value of damages for applicants under a separate decision. Moldova will have to pay 323,740 euro (about 4.95 million lei) in the other 22 cases.⁹ The ECHR has sentenced Moldova in 123 cases before June 2008.¹⁰
- Although it has entered into force, the law on public assembly is often violated. There were many cases in April-June when participants in peaceful meetings were intimidated, assaulted or held by police (for example, protests by members of Hyde Park organisation and public organisation Salvagardare) or they could not exercise their right to public assembly because of inactivity of police bodies to ensure necessary conditions (for example, a march organised by the Information Centre GenderDoc-M to support the anti-discrimination law);
- The Parliament signalled a deficient activity of the Centre for Human Rights to respect the Law on ombudsman in elucidating violation of constitutional rights and freedoms of citizens and taking legal actions to remedy or prevent them.¹¹

Preventing torture. Rights of prison inmates

Progress:

- Law # 8-XVI from 14.02.2008 on probation has entered into force¹²;
- Training courses and roundtables brought together representatives of the Human Rights Centre, Advisory Board, Prosecutor-General's Office, MAI, Ministry of Justice and Department for Penitentiary Institutions, Minister of Health, Forensic Medicine Centre, human rights NGOs that debated the torture issue in Moldova and learned methods to monitor detention facilities accordingly to the Optional Protocol to the U.N. Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (OP CAT)¹³;
- Amnesty International Moldova has disseminated more than 15,500 leaflets on rights of prison inmates and torture to representatives of the Ministry of Internal Affairs.

Shortcomings and problems:

- Temporary detention facilities were not transferred from jurisdiction of the Ministry of Internal Affairs to the Ministry of Justice (Chapter 7 of NHRAP; Objective (4) of EUMAP)¹⁴;
- Obligations to set up a unitary and efficient system for the social reintegration of former detainees were not fully honoured so far (Chapter 14 of NHRAP¹⁵; Objective (4) of EUMAP).

⁸ According to www.lhr.md and <http://www.echr.coe.int/echr/>;

⁹ Damages are paid to applicants and cases finished with amicable resolution agreements;

¹⁰ Damages for all cases account for about 4.86 million Euros or 79.29 million lei;

¹¹ PD # 947 from 17.03.2008 concerning the CHRM Report on respect for human rights in Moldova in 2007 and report by the Human Rights Commission on activity of the centre in the period concerned;

¹² Law # 8-XVI on probation from 14.02.2008 ;

¹³ For example, the training “National anti-torture mechanism – introducing into monitoring on detention facilities”, organised by the OSCE Mission to Moldova on April 23, 2008 for the Center for Human Rights and members of the Anti-Torture Advisory Board; the Roundtable “Torture in Moldova – What happens?”, organised on June 23, 2008 by the Centre for the Rehabilitation of Torture Victims with the support of IRCT (Copenhagen-based International Rehabilitation Council for Torture Victims, www.ircct.org), EU Commission and OSCE Mission to Moldova;

¹⁴ GD # 113 from 03.02.2007 stipulated the transfer of DPI from the IM jurisdiction to MJ in 2007;

¹⁵ The activity was stipulated by NHRAP for 2004;

Rights of employees

Progress:

- The Government completed in April the type-list of difficult and very difficult, harmful and very harmful works and jobs for which employees get compensations, approved under the Government Decision # 1487 from December 31, 2004, adding a new chapter "1.63 Naval Transport"¹⁶;
- The Parliament modified and completed the Labour Code of Moldova in March by establishing a procedure of signing of individual labour contracts and better conditions for employees in case of dismissal¹⁷;
- The Labour Inspection and National Confederation of Trade Unions from Moldova signed in March a cooperation agreement for 2008, which ensures the application of legislation on labour protection.

Shortcomings and problems:

- According to the Labour Inspection, trade unions are very passive in investigating causes of work accidents. Representatives of trade unions participated in investigation of only 5 out of 146 work accidents recorded in 2007, including 46 fatal accidents¹⁸;
- In its turn, the Prosecutor-General's Office notes that the Labour Inspection is doing nothing but assessing breaches of law and issuing reports, without taking efficient actions to reinstate workers in their rights. Controls by prosecutors found out that following rights are violated most: the right to work, to labour protection and remuneration, rights to property, medical and social protection and assistance, right to petition, rights of consumer¹⁹;
- Salary-earners are paid so far the least in Europe. According to the ranking of the Federation of European Employers (FedEE), the minimum monthly wage in Moldova is 46.29 Euros only (compared with 68.21 Euros in Ukraine and 140.64 Euros in Romania).²⁰ According to the National Bureau for Statistics, the medium wage on economy in May amounted to 162.8 Euros;
- Overall salary arrears are high in continuation - 80 million lei (as of June 1, 2008), though they decreased by 9.9 million lei compared with December 2007. According to the Ministry of Economy and Trade, largest arrears are recorded in continuation in agriculture sector (44.5 million lei) and industry (23.6 million lei).

Rights of the child

Progress:

- A function of ombudsman for the protection of rights of the child (or *Lawyer of the Child*) was introduced in the Centre for Human Rights²¹;
- The law against domestic violence was promulgated nearly one year after being adopted. It will enter into force on 18.09.2008²²;
- On June 12, 2008, the National Centre for Child Abuse Prevention and three ministries, the Ministry of Economy and Trade, Ministry of Social Protection, Family and Child and Ministry of Education and Youth signed a cooperation agreement on the prevention of child labour;
- The Parliament has modified and completed the Family Code, in order to primarily ensure the nurture and care for the child in a family environment; substantially reduce the number of children from residential institutions; organise the functioning of services to prevent the separation of children from their parents.²³

Shortcomings and problems:

- Until now, the Child Labour Monitoring Unit of the Labour Inspection has identified 24 cases of illegal child labour, of them 4 cases of labour under harmful conditions.
- The research "Elementary education in Moldova from perspective of a friendly school for the child" carried out with the UNICEF Moldova support signals that each fifth child from rural schools has one or both parents abroad and problems of these children are beyond educational system, with schools lacking funds to employ school psychologists. In addition, the research signals other problems which affect the rights of the child: decreasing schooling rate in elementary education in the past years, increasing number and gravity of violence in schools, verbal and physical violence by teachers, absence of canteens or presence of canteens which function bad or not at all in many schools.

¹⁶ GD # 559 from 30.04.2008;

¹⁷ Law # 60-XVI from 21.03.2008 on modification and completion of the Labour Code of the Republic of Moldova;

¹⁸ Meeting between representatives of Labour Inspection and National Confederation of Trade Unions on 12.03.2008;

¹⁹ „Prosecutors made the totals for the first half of the year”, www.procuratura.md;

²⁰ As regards Moldova, FedEE indicates a minimum salary of 766.1 lei for January 1, 2007 (see www.fedee.com);

²¹ Law # 56-XVI from 20.03.2008 concerning modification and completion of some legal acts;

²² Law # 45 from 01.03.2007 on prevention and combat of domestic violence;

²³ Law # 120-XVI from 29.05.2008 on modification and completion of the Family Code;

Ensuring rights to association

Progress:

- On April 21, 2008, the Ministry of Justice decided to register the new Statute of the Social Democratic Party.

Shortcomings and problems:

- The Liberal Democratic Party of Moldova and the leader of the unregistered social-political movement People's Action, Sergiu Mocanu, have repeatedly claimed that representatives of district police bodies and prosecutor's offices intimidated citizens who joined the LDPM or People's Action Movement.

Honouring of Council of Europe recommendations / Executing ECHR decisions

Progress:

- The interministerial group for monitoring the implementation of the joint programme between the European Commission and Council of Europe on increased independence, transparency and efficiency of the justice system in Moldova for 2006-2009 ("Joint programme") held a sitting in June 2008. The sitting focussed on implementation of actions stipulated by the joint programme, difficulties and obstacles to implement them and develop cooperation between institutions concerned.

Shortcoming and problems:

- Moldova is so far behind with honouring the legislative action plan assumed in accordance with commitments by CoE member states. In particular, it did not adopt a new Law on status of the Chisinau municipality and Book of Education Laws. It neither investigated "reasons of criminal charges filed against opposition leaders at national and local level," nor "condemned the way the People's Assembly of Gagauzia had dismissed Comrat mayor."²⁴

Cooperation with civil society

Progress:

- On May 23, three state institutions (Ministry of Internal Affairs, Prosecutor-General's Office and Ministry of Social Protection, Family and Child) and other three nongovernmental organisations (International Organisation for Migration in Moldova, Association of Legal Career Women/ Centre for the Prevention of Trafficking in Women and International Centre for the Protection and Promotion of Women's Rights La Strada) signed a cooperation memorandum on development and extension of the project on National Referring System in the area of protection and assistance of victims and potential victims of trafficking in human beings, in order to ensure their right to qualitative assistance needed for their rehabilitation and reintegration into society. The memorandum establishes responsibilities of the sides in terms of assistance and protection of beneficiaries, exchange of information about beneficiaries, and other aspects of cooperation.
- The Government proposed in June to establish the National Council for Participation to consult civil society, business environment and development partners in the process of elaboration, implementation, monitoring, assessment and updating of strategic planning documents of the country. The council will function under the auspices of Prime Minister. It will work in two directions: 1) participation in the process of elaboration, monitoring and evaluation of national policies; and 2) building an institutional framework of consultation at central public authorities' level. The functioning regulation of the council will be worked out jointly with civil society representatives. This initiative could be successful in establishing and developing a cooperation partnership between Government and civil society, should the proposals by the council have a decisive power.

Shortcoming and problems:

- Although the dialogue between authorities and civil society has developed, majority of public authorities show so far a dose of formalism in attracting NGOs in promotion of public policies and issuance of public policies.
- Few qualified NGOs could bring a high value-added to the decision-making process and implementation of public policies.

Freedom of media and access to information

²⁴ PD # 284-XVI from 11.11.2005;

Progress:

- On April 7-10, 2008, the Ministry of Internal Affairs hosted a training course on public and media relations for spokespersons and employees of press centres of the Ministry of Internal Affairs, Prosecutor-General's Office, Border Guard Service, Customs Service, Centre for Combating Economic Crimes and Corruption, Centre for Combating trafficking in persons. Participants were trained to cooperate and communicate with the media, including in crisis and trafficking cases.

Shortcomings and problems:

- **Objective (9) of EUMAP was not completely fulfilled.** It stipulates state financial assistance for the media provided on the basis of strict criteria and fair objectives for all media outlets;
- Many nongovernmental media organisations raised concern with investigations by Prosecutor's Office and seizure of computers from some youths who told their opinions via online forums. The youths were accused of publicly calling via forum.md, torrentsmd.com, desteptarea.info and unimedia.md for violent overthrowing of constitutional regime, liquidation of statehood and territorial integrity of the Republic of Moldova;
- Officers of the Directorate-General for Penal Investigations of the Ministry of Internal Affairs visited many participants in the entertainment programme Forum aired by radio station Vocea Basarabiei in March and summoned them to show up as "witnesses" to explain what they have stated during the broadcast concerned. Representatives of this institution described these actions as intimidation²⁵;
- On May 19, 2008, the Moldovan Journalists' Union (MJU) jointly with independent media institutions released an indictment report on anti-media actions committed by the communist rule in 2001-2008, accusing the leadership of the country of "war against independent journalists and media." The report notes that the state policy on the media has limited the public debating space, reduced the impact capacity of the free media, enhanced and diversified the propaganda sources of the ruling party.²⁶
- In June, 10 nongovernmental media and human rights organisations released a report on monitoring of the way the Audiovisual Code is applied, saying that the latest process of organisation and conduct of a contest to use radio frequencies and TV channels on May 7, 2008 was imperfect and violated the legislation in force. According to monitors, the Audio-visual Coordination Council (ACC) did not work out requirements on TV and radio programme services announced at the contest, nor it made public sharing criteria and provided a convincing motivation of its decisions²⁷;
- Official information is inaccessible so far, number of cases when applications for information from governmental institutions are ignored is on the rise. According to a report on evaluation of access to official information in the 1st quarter of 2008 worked out by the Access-info centre, there is a discrepancy between statements of officials regarding the necessity to ensure the freedom of expression and access to information and the lack of a clear policy on real execution of these rights, lack of a systematic and strict control on application of legislation by Government and Parliament²⁸;
- According to the survey "Freedom in the World 2008" worked out by Freedom House, Moldova was rated as "partly free". At the same time, the survey "Nations in Transit 2008" worked out with the support of the same organisation, Moldova is rated the lowest mark as regards independence of the media from 1999 on and a very low mark for democracy.²⁹

²⁵ Article „Ascultatorii Vocii Basarabiei in vizorul procuraturii si CCCEC”, newspaper „Timpul”, issue 828 from 13.03.2008;

²⁶ Article „Jurnalistii acuza guvernarea”, newspaper „Timpul”, issue 868 from 20.05.2008;

²⁷ The last contest for the use of frequencies violated the legislation, www.info-prim.md;

²⁸ See „Accesul la informatie” from 07.05.2008, <http://www.acces-info.org.md>;

²⁹ See „Freedom in the World” and „Nations in Transit”, www.freedomhouse.org;

2. CONSOLIDATION OF ADMINISTRATIVE CAPACITY

Administrative reform / Administrative efficiency

Progress:

CPA and LPA Reform:

- The report on implementation of CPA Reform in the 1st quarter of this year assesses the fulfilment of many objectives, with planned actions being implemented 97 percent, accordingly to estimates by authors³⁰;
- The new action programme of the Government for 2008-2009 includes separate chapters on CPA Reform and stipulates an efficient use of public funds for improving the decision-making process within Government and central public authorities; optimising the work of public authorities by delimitating functions and competences within CPA; building professional corps of public functionaries; enhancing the motivation of public functionaries; developing the normative framework to implement an internal financial control system in public sector; adopting a new normative framework on local public funds; reforming and readjusting the system and budgetary process to good international practices, decentralising and enhancing responsibilities of beneficiaries of budgetary funds, assessing the efficiency of use of public funds by comparing performances with financial effort; developing the public acquisition system to optimise and increasing its credibility;
- The European Commission report on implementation of EUMAP welcomes legislative acts on administrative decentralisation, local public administration and regional development, national strategy on LPA training³¹;
- The resignation of the cabinet of ministers did not affect much the CPA Reform, with reorganisation measures being taken in an organised way: the Ministry of Industry and Infrastructure and the Standardisation and Metrology Service were dissolved; the Agency of Construction and Territorial Development and Apele Moldovei Agency were amalgamated into the Ministry of Constructions and Territorial Development; the Government Apparatus was reorganised again: three new directorates were created (policies coordination and external assistance; staff policy (in charge with finishing the CPA Reform and coordinating the LPA reform); human development and humanitarian aid); some functions of the Government Apparatus were transmitted to some ministries³²;
- A new public institution called National Motor Transport Agency³³ was created and it was proposed to set up the State Administration of Transports by reorganising the Ministry of Transportation and Road Management and the State Administration of Civil Aviation;
- The executive took actions to improve the participation of central bodies in executing commitments towards international organisations³⁴;
- The Law on a Code of Conduct for Civil Servants was published (it will enter into force on 01.01.2009);
- Several ministries worked out draft institutional development plans;
- The Government has created a commission to revise policy documents, which should make an inventory of all policy documents in terms of opportunity, actuality and correlation with national priorities³⁵;
- An interministerial strategic planning committee was created³⁶;
- The law on administrative decentralisation is being implemented.³⁷

Development of information technologies (IT):

- An Action Plan on implementation of the National Strategy "Electronic Moldova" in 2008 was approved and allocations foreseen in the 2008 state budget for the strategy were distributed³⁸;
- The Republic of Moldova has climbed from the 93rd to the 109th place in the „E-Government Survey 2008”, but it ranks so far the last place among East European countries³⁹;

³⁰ Report by the policy coordination analysis Division of the Government Apparatus;

³¹ The report was released on April 3, 2008; COM document (2008) 399 available at www.mfa.gov;

³² After 9 years of reorganisation and restructuring the structure of the Government Apparatus is actually similar to that of the State Chancellery (under GD 329/23.04.99), and this reveals again the lack of consistency and conceptual, strategic approach in reforming the CPA, in which the Government Apparatus itself had an important role;

³³ GD # 539 from 23.04.2008;

³⁴ GD # 454 from 24.03.2008;

³⁵ GD # 691 from 11.06.2008;

³⁶ GD # 838/09.07.2008;

³⁷ The parity commission for administrative decentralisation has held several sittings and reiterated tasks of CPA authorities in the decentralisation process;

³⁸ GD # 476 from 27.03.2008;

³⁹ Report available at www.unpan.org;

- Investments in electronic communications rose by about 30 percent in 2007 and some sectors are expected to develop more in 2008⁴⁰;
- The use rate of legal (certified) software has improved.⁴¹

Shortcomings and problems:

CPA and LPA Reforms:

- A series of actions stipulated by the Implementation plan for the CPA reform strategy for 2008 are late⁴²: the elaboration of the CPA organisation concept; the establishing of a policy analysis, monitoring and evaluation directorate/section in each ministry; the revision and updating of the CPA reform communication plan; the elaboration of standard forms for reports; the participation and communication rate is on the decline: there is less public information available about actions taken to implement the CPA Reform; last reports on the website were published in March 2008;
- The resignation of cabinet of ministers and related measures (reorganisations, dismissals, new employments, revision of competences, etc.) delayed some actions and hardened the functioning of central institutions;
- The Law on public service and status of civil servant was not adopted and enforced;
- The commission for the revision of policy documents should present by June 20, 2008 a report on abrogation or modification of policy documents and a draft decision on optimisation of the legislative-normative framework in effect, but this process is late;
- The European Commission report on implementation of EUMAP says that the real impact of LPA reform actions is limited so far; the legislation on local public funds is imperfect;
- Opposition political parties continue to accuse the central administration of restricting the rights of LPA and limiting the local autonomy⁴³; LPA authorities consider that the high number of LPA representatives in charge with control hardens the work of local authorities and members of the ruling party, former heads of districts are appointed to these offices⁴⁴;
- Law enforcement bodies influence certain LPA representatives⁴⁵;
- Large funds continue to be allocated from budgets and Reserve Fund for doubtful areas, actions and priorities with a minor impact: reconstruction of buildings (40 million lei, GD # 672/06.06.2008); compensation of lost revenues to the budget (1.2 million lei, GD # 266/ 10.03.2008); expenditures for personnel of central authorities (MLPA has received more than 7 million lei this year, accordingly to GD # 275/10.03.2008 and # 636/26.05.2008); rise of capital of some enterprises and constructions adjacent to the Giurgiulesti port (more than 84 million lei, GD # 507/15.04.2008); reconstruction of new offices for authorities which already have them (GD # 635/26.05.2008). The Reserve Fund for this year was used up in five months; political parties have also signalled unreasonable expenses⁴⁶;
- According to independent analyses, central authorities have made mistakes and were not efficient in preventing and combating the parotid epidemics⁴⁷;
- The average wage in public administration is low, being a little higher than the general average on economy (about 2,400 lei in 2007).

IT development:

- The European Commission report on implementation of EUMAP indicates the necessity to ensure a tighter coordination between NARTI (ANRCETI) and National Agency for the Protection of Competition (NAPC), with the view to ensure an efficient development of competition in IT sector;
- Moldova is ranked the 96th place in „The Networked Readiness Index 2007–2008 rankings” and it has descended (from the 92nd place)⁴⁸;
- According to independent researches, development of Internet and number of users in Moldova are behind world and regional trends and they could slow down in a close perspective⁴⁹;
- The Republic of Moldova is rated a country with a very high software piracy rate, with losses being estimated at about 43 million dollars⁵⁰;
- According to estimates by state authorities, considerable investments (about 60 million Euros) are

⁴⁰ Findings and estimates by ANRCETI;

⁴¹ According to AGEPI accounts, the software legalisation rate grows by 5-7 percent a year;

⁴² GD # 59 from 25.01.2008;

⁴³ Statement released by OMA faction at the May 15, 2008 sitting of the Chisinau Municipal Council;

⁴⁴ Communication by Info-Prim Neo (IPN) News Agency, 25.03.2008; newspaper „Timpul”, 19.03.2008;

⁴⁵ Groundless appeal by prosecutor’s office to suspend the Nisporeni district administration submitted at the 29.05.2008 sitting;

⁴⁶ Statement by Liberal Party, 30.06.2008;

⁴⁷ Statements by former health minister M.Magdei, IPN news agency, 07.03.2008;

⁴⁸ According to „The Global Information Technology Report 2007-2008, World Economic Forum”;

⁴⁹ The research “Competition on Internet market in Moldova” by S.Tcacenco, www.expert-grup.org;

⁵⁰ According to the Business Software Alliance report (www.bsa.org), the piracy rate in Moldova is about 90 percent;

needed to build the state telecommunication infrastructure, while the budget is short of such funds and it will not have them soon.⁵¹

Depoliticising public administration

Shortcomings and problems:

- The legislation restricting the dual citizenship was definitively adopted and it is being applied imperfectly⁵²: some civil servants of central institutions are dismissed, though their service is irreproachable, while other public servants holding more than one citizenship, including some who run high-ranking offices keep their posts⁵³;
- The funding of local infrastructure is based on political factor⁵⁴;
- Political influence is present in education sector, too, with interim rectors supported by competent ministries and coordinated with political authorities being appointed to vacancies⁵⁵;
- Activity of some local administrations is boycotted, there are attempts to re-elect former authorities⁵⁶;
- Local elected officials accuse the central government of abusive and negative economic interventions⁵⁷;
- There are abuses by central authorities; they seize municipal transports, violating the law on public property.⁵⁸

Interference of administrative and economic interests

Progress:

- Auctions are organised to sell state securities⁵⁹;
- Activity of some organisations helps developing the dialogue between business and authorities.⁶⁰

Shortcomings and problems:

- The European Commission report on implementation of EUMAP signals so far barriers on way of starting up business, especially related to complicated requirements and controls which are sometimes imposed to investors arbitrarily;
- According to a rating by Forbes magazine, economic reforms in Moldova are slow, inclusively because of corruption and strict political control on Government and other sectors, and the economy is weak in front of external pressures and due to scepticism of investors⁶¹;
- According to publications, directors of some public organisations enjoy pecuniary additions and rises, though they are involved in conflicts of interests⁶²;
- Very large funds are wasted on luxury reconstructions and endowments of dignitaries⁶³; the Government takes actions to promote private economic interests, so that the public budget and interest may be seriously affected⁶⁴;
- Revenues of monopolist economic agents are used to cover losses for precedent years⁶⁵;
- The Government takes abusive actions and hits the interests of local communities⁶⁶;

⁵¹ Estimates by the Special Communication Centre released at the international forum "Information Technologies and Public Administration", 17.04.2008;

⁵² Statement by lawyer Gh.Susarenco, minutes of the April 11, 2008 parliamentary sitting;

⁵³ News conference held by lawyer A.Tanase, Infotag, 20.06.2008;

⁵⁴ Appeal by the Association of Christian Democratic Mayors and Councillors (the congress from 02.03.2008); the research "Political factor of funding local infrastructure", IDIS „Viitorul", March 2008; Following the contest "The greenest and cleanest locality", only mayoralties ruled by 2 parliamentary parties have received prizes (newspaper „Jurnal de Chisinau", issue 718, 10.06.2008);

⁵⁵ Six universities have interim rectors (Moldova State University, Technical University of Moldova, Tiraspol-based University, Universities based in Comrat, Cahul, Balti), elections are not organised. Institutions subordinated to central authorities (Presidency, Ministry of Internal Affairs, Information and Security Service, Ministry of Agriculture and Food Industry, Ministry of Health) complete this list, as they coordinate the appointment of protected persons;

⁵⁶ Situation in the Leova District Council;

⁵⁷ News conference held by the Cimislia district administration (05.03.2008);

⁵⁸ Illegal declaration (on 07.05.2008) by law court of the sequester on public estate (vehicles) of the Chisinau City Hall;

⁵⁹ Seventeen stocks were sold on March 4-17 and another 17 on June 16-20;

⁶⁰ Statement by Chairman of the Parliament, the third annual sitting of IABP-Moldova held in May 2008;

⁶¹ The „Best Countries for Business" top, www.forbes.com;

⁶² IPN commentary on incomes of chairman of the National Confederation of Trade Unions, 29.05.2008;

⁶³ Response to the interpellation by deputy V.Pavlicenco regarding renovations and reconstructions at Government, Parliament, Presidency, presidential residences; newspaper „Jurnal de Chiainau", issue 715 from 03.06.2008;

⁶⁴ Concession of fields to build the Republican Stadium (GD # 206 from 25.02.2008); the „investor" will raise an overall benefit of more than 500 million lei, according to an economic analysis by Mr. M.Roscovan; newspaper „Jurnal de Chisinau", 01.03.2008;

⁶⁵ Decision by General Assembly of SA Moldova-Gaz, 15.05.2008;

⁶⁶ Announcement on sale of 800 hectares of the Gura-Bicului village, Anenii Noi district; newspaper „Flux", 07.03.2008;

- Fiscal policy does not encourage entrepreneurship.⁶⁷

Stability of governing policy

Progress:

- The European Commission report on implementation of EUMAP notes that Moldova has made great progress in majority areas in the assessed period, but the economic growth is robust so far;
- The National Security Concept of Moldova was approved⁶⁸;
- New external funding, assistance projects were approved⁶⁹;
- The number of job seekers is on the decline;
- The fiscal system of Moldova is internationally competitive.⁷⁰

Shortcomings and problems:

- The European Commission report on implementation of EUMAP says that the effective implementation of reforms keeps being a challenge and authorities shall do their best in a number of areas;
- Moldova's economy is so far very dependent on remittances⁷¹;
- Prices and inflation are on the rise⁷²;
- The expense framework for 2009-2011 stipulates the gradual rise of fiscal burden for individuals;
- The rating by The Fund for Peace ranks Moldova among "unsecure countries".⁷³

Probity and transparency of governance / Anti-corruption fight

Progress:

- The new Government Activity Programme for 2008 („Progress and Integration”) includes a distinct chapter on anti-corruption fight, with the Government intending to do the following for this purpose: to ensure transparency of administrative acts and political decisions; to promote partnership between civil society, CPA and LPA authorities, private sector; to consolidate corruptibility survey of legislative acts and to extend this practice; to raise awareness of people over corruption and to consolidate the role of the media; to introduce new personnel evaluation methods; to implement standards relating to conflict of interests;
- The official website of Moldovan Government (opened on March 3, 2008) is being modernised;
- The Law on prevention and combat of corruption⁷⁴ was adopted and it brings important innovations such as a distinct attention for preventing corruption; definition and classification of corrupt conduct, corruption and related actions; it introduces responsibility for corrupt conduct and certain omissions/inactions; it stipulates the publication of judicial decisions on corruption; it introduces regulations to remedy consequences of corruption;
- Laws on Code of Conduct for Civil Servants and Conflict of Interest were published; the law on declaration and control of incomes and estate of dignitaries was modified, so that public information from declarations will be published on official websites of Presidency, Parliament, Government, ministries, other central and local public authorities and institutions⁷⁵;
- The Ministry of Internal Affairs takes actions to identify and punish corrupt employees⁷⁶;
- The Customs Service is implementing an electronic personnel rotation programme; an independent team is trained to monitor anti-corruption actions in the Customs Service;
- In order to effectively monitor public acquisitions, a governmental commission was created under GD # 648 from 29.05.2008 to supervise public acquisitions and training seminars were organised;
- Law enforcement bodies took actions to prevent corruption, intensified anti-corruption actions prior to baccalaureate and admission examinations⁷⁷;

⁶⁷ Opinion by National Confederation of Employers of Moldova regarding the Medium-Term Expenditure Framework for 2009-2011;

⁶⁸ Law # 112 from 22.05.2008;

⁶⁹ The European Commission is expected to transfer 40 million Euros; assistance and loan agreements are being signed with international financial institutions;

⁷⁰ Conclusions of the USAID research carried out with the assistance of the project "Reformation of the framework regulating the entrepreneurship and fiscal administration in Moldova";

⁷¹ Article „Hooked on Remittances" by "Business Week", www.businessweek.com;

⁷² Statistics and MET accounts, independent observations;

⁷³ Moldova is ranked the 49th place, compared with the 48th place in 2007, www.fundforpeace.org;

⁷⁴ Law # 90 from 25.04.2008;

⁷⁵ Law # 124 from 29.05.2008;

⁷⁶ The internal security directorate of the Ministry of Internal Affairs recorded about 15 cases of corruption and more than 200 policemen were dismissed;

⁷⁷ According to preliminary estimates, the corruption rate in this area has decreased;

- Specialised training courses are organised with the assistance of international, community institutions as part of anti-corruption programmes⁷⁸;
- CCECC is being modernised, actions are taken to enhance efficiency and transparency of activity⁷⁹;
- Actions to discover and record corruption go on⁸⁰;
- The Chamber of Auditors signed cooperation memorandums with civil society organisations;
- Local authorities organise public consultations on some draft documents⁸¹;
- The Republic of Moldova has become a full-right member of the Egmont Group (an international organisation of services in charge with combating money laundering and financing of terrorism).

Shortcomings and problems:

- The European Commission Progress Report remarks anti-corruption efforts by authorities, but notes that the implementation of actions will depend on independent, non-political and efficient functioning of CCECC, development of cooperation with civil society;
- A report by the Council of Europe indicates the necessity to fulfil completely and strictly the GRECO recommendations on Moldova⁸²; the U.S Report on human rights in Moldova says that the anti-corruption legislation is inefficiently implemented, corruption and transparency of authorities are so far problems requiring an efficient, more serious approach;
- Independent assessments on transparency and access to official information indicate certain improvement, but signal major problems so far⁸³: discrepancies between declarations by dignitaries concerning the necessity to ensure the freedom of expression and access to information and lack of a clear policy on concrete execution of these rights; lack of a regular and strict control on this legislation by Government and Parliament; many cases when the legislation on access to information is ignored or violated at local or district level in a number of decentralised institutions;
- Although the new government declared itself transparent and bureaucracy-free, independent publications fail to get information and interviews with dignitaries⁸⁴;
- Transparency is limited at local level⁸⁵;
- The new law on prevention and combat of corruption does not tackle or superficially treats a series of efficient international practices in the area: declaration and control on incomes/estates; prevention of conflicts of interests and functioning of ethical bodies; transparency of authorities; appointment of dignitaries and employment in public; exclusion/limitation of human factor in certain processes;
- There are abuses in administrating public funds and the situation did not change, though the media has made revelations in this regard⁸⁶;
- High-ranking dignitaries ordered the sanctioning of functionaries who provided public information to the media⁸⁷;
- Moldovan president has bitterly accused traffic police (subdivision of the Ministry of Internal Affairs) of corruption, ordering a 50-percent cut of personnel⁸⁸;
- Practices of extorting money in education system, accumulation of informal payments continue, while heads of state educational institutions commit abuses⁸⁹;
- There are permanent shortcomings in activity of anti-corruption bodies concerning the combat of fraudulent schemes developed in complicity with many other persons; speed of investigating criminal cases; optimisation of operative investigations; enhancing efficiency of anti-corruption actions; discovering and sanctioning corruption "at high level";
- According to surveys, individuals and businessmen give informal payments worth tens of millions of lei a year to diverse state institutions⁹⁰;

⁷⁸ Via MOLICO, Threshold Millennium Challenges programmes, and others;

⁷⁹ Internal reorganisations are underway, the corporate strategy is being improved, the website of CCECC was modernised;

⁸⁰ CCECC discovered 131 corruption-related offences in the first 6 months;

⁸¹ The Chisinau City Hall is studying the local urbanism regulation, regional urban plan „Gara Nord”, regulation on establishing and functioning of Quarter Advisory Boards;

⁸² Report „State of democracy in Europe”, Document 11628, 06.06.2008;

⁸³ Report assessing the access to official information in the Republic of Moldova, „Acces-Info” Centre;

⁸⁴ Article „Transparenta’ guvernului Greceanii”, newspaper „Timpul”, 21.05.2008;

⁸⁵ Statements delivered by new chairperson of the Chisinau Municipal Council at the 26.06.2008 sitting;

⁸⁶ Statements by lawyer of the motor operator of the Government Apparatus concerning the acquisition of vehicles Skoda, newspaper „Timpul”, 06.03.2008; Article „Vede oare Guvernul tranzactiile ilegale cu griu alimentar?”, newspaper „Moldova Suverana”, 05.03.2008; newspaper „Jurnal de Chisinau”, 18.04.2007;

⁸⁷ Prime minister Vasile Tarlev ordered the punishment of persons who provided information about number of job seekers and new jobs opened after 2001, newspaper „Jurnal de Chisinau”, issue 680 from 07.03.2008;

⁸⁸ Sitting of the collegial council of the Ministry of Internal Affairs from 19.05.2008;

⁸⁹ Communication by Prosecutor-General’s Office regarding respect for the right to education, prevention and struggle against corruption in education sector;

⁹⁰ Transparency International – Moldova study carried out as part of the project “Monitoring of PCP implementation in fiscal system”, www.transparency.md;

- Controls operated by Prosecutor's Office bodies to monitor the right to petitioning, struggle against bureaucracy and formalism revealed multiple derogations from legal norms both in activity of central public administration authorities and local public bodies⁹¹;
- Publications approach abuses and breaches of legislation, provide information that law enforcement bodies may use for investigations, but interventions of law enforcement bodies are inefficient so far.⁹²

⁹¹ Report on activity of Prosecutor's Office in the first 6 months of this year;

⁹² Series of article „Zbuciumul bietului Tataru”, newspaper „Timpul”;

3. TRANSNISTRIAN CONFLICT

Russia's efforts to restart the „5+2” negotiation process

Hearings by the Russian State Duma concerning “frozen conflicts”

The Russian State Duma organised parliamentary hearings on March 13, 2008 regarding the “stage of settling conflicts in the CIS area and appeal by the Russian Federation concerning recognition of independence of Abkhazia, South Ossetia and Moldovan Transnistrian Republic.” Hearings aimed to demonstrate Russia’s adequate reaction” towards “Kosovo case”. Taking part in hearings were representatives of authorities of the separatist enclaves.

On March 21, 2008, following the March 13 hearings, the Russian State Duma adopted the declaration “concerning Russia’s policy on Abkhazia, South Ossetia and Transnistria”. It says that after Kosovo has unilaterally declared its independence, Russia had to reclaim its policies on Abkhazia, South Ossetia and Transnistria, given the willingness of people from these regions. The Duma supported the foreign policy promoted by the top leadership on the basis of respect for international law. Also, it was noted that the Duma respects the sovereignty and territorial integrity of Georgia and Moldova within internationally recognised borders, but considers that the recognition of Kosovo’s independence contravenes to the international law. According to the declaration, Abkhazia, South Ossetia and Transnistria, which *de facto* “had been built as democratic states” with all attributes during years of independence, had more grounds to be recognised independent.

The declaration clearly delimited Russia’s position towards the Republic of Moldova and Georgia. Russian lawmakers invited the Government to combat any attempts of political, economic and military pressures on the three enclaves. It was asked to strengthen the support of Russian citizens from the regions concerned by opening Russian representations, developing cooperation and increasing economic assistance, simplifying border crossing procedures. The Duma insisted on the necessity to maintain the existing peacekeeping format until the resolution of the conflicts on the basis of mutual acceptance.

Encouraging Voronin-Smirnov meeting

President Voronin and Transnistrian leader Igor Smirnov met on April 11, 2008. The meeting should encourage the resumption of the “5+2” negotiation process by impelling the “consolidation of mutual confidence-building actions.” However, at the April 11, 2008 meeting Smirnov insisted to hand in to President Voronin the draft “friendship and cooperation agreement between Transnistria and Republic of Moldova”. By doing this, Smirnov wanted to show that he has a diametrically opposite point of view than that of Moldovan authorities as regards the settlement of the Transnistrian conflict. Indeed, the “friendship agreement” was a response to Voronin’s “October initiatives”. Shortly after the meeting with Smirnov, Voronin has stressed that no groundless concession “to the separatist regime” will be accepted in the Transnistria settlement process and efforts to find a viable solution to the Transnistrian conflict in the “5+2” format does not envisage the federalisation of Moldova.

Impact of the meeting between President Voronin and Transnistrian leader

The April 11, 2008 meeting between President Vladimir Voronin and Transnistrian leader Igor Smirnov was followed by a series of important events. On April 14, Odessa hosted consultations with the participation of Minister of Reintegration Vasile Sova and Tiraspol foreign minister Valeriy Litskai. The consultations were followed by debates during the seminar on ensuring mutual confidence-building actions between the Republic of Moldova and Transnistria in the field of economy and environment held in Odessa under the OSCE auspices with the participation of EU Special Representative to Moldova Kalman Mizsei, head of the OSCE Mission to Moldova Philip Remler, the ambassador with special missions of the Russian Foreign Ministry, Valeri Nesterushkin. Debates particularly focussed on problems related to restoration and facilitation of railway communication, normalisation of economic and commercial relations between the two banks of the Dniester. Transnistrian representatives told the seminar that reactivation of previous agreements (signed before August 2001) would help strengthen confidence between the sides. A day later, on April 16, Odessa hosted consultations of participants in the “5+2” negotiations. It was decided that five expert groups equally co-opted from both banks of the Dniester will begin negotiations in the following areas: economy and trade, infrastructure development, social sector and healthcare, humanitarian aid, environment and agriculture.

In spite of the promising start of consultations on functioning of expert groups, it was concluded meantime that fast progress is impossible. The first major problem occurred when it was realised the impossibility of resuming the ordinary capacity of railway traffic via Transnistria. Tiraspol insisted that Chisinau should prove its willingness by resuming the circulation of the passenger train Chisinau – Odessa via Transnistrian region and reciprocally stop collecting taxes for the transit via “territories of the parties.” The Tiraspol administration heard Transnistrian members of working groups, drawing the conclusion that Chisinau is intransigent and wants to promote own solutions and ignore Transnistrian proposals.

While further meeting foreign diplomats to Moldova, Transnistrian leader Igor Smirnov explained that the activity of working groups is blocked because the Transnistrian side was not answered some questions, in particular, what do expert groups discuss – the implementation of decisions and initiatives by Moldovan authorities - or do they work on new common documents; which is the functioning regulation of expert groups – the 1997 bilateral agreement or a new regulation should be drafted; will any protocol cover the works of expert groups and how their efficiency will be measured; what attitude does Chisinau have towards agreements signed with Transnistria formerly? Transnistrian representatives say that it makes no sense to discuss the resumption of activity of working groups as long as Chisinau does not answer these questions. Smirnov noted that Chisinau authorities are not interested so far to discuss political problems, avoiding to react to the draft "Friendship and cooperation agreement between Moldova and Transnistria", which was handed in to President Voronin at the April 11, 2008 meeting in Bender.

Efforts by Russian diplomacy for the Transnistria settlement

The Russian diplomacy took actions in May to settle the Transnistrian conflict. Contacts between Russian and Moldova officials have developed much after the arranged Voronin-Smirnov meeting. The May 20, 2008 visit to Chisinau by chairman of the upper chamber of the Russian Federal Assembly Sergei Mironov was motivated by the need to exchange opinions about possibility to find a rapid solution to the Transnistrian conflict.

The same day, Russian Foreign Minister Sergei Lavrov asked representatives of countries participating in the settlement of frozen conflicts not to meddle but support efforts of the sides. As separatist regimes supported by Russia on all ways are parties in frozen conflicts, Lavrov's appeal is more than suggestive. In this regard, Mironov's statement that keys of the conflict resolution are in hands of Chisinau and Tiraspol means that Russia does not hurry up to give green light to a fast settlement. Mironov's visit to Chisinau was followed by a visit to Chisinau and Tiraspol by Alexei Ostrovsky, chairman of the State Duma for relations with CIS and compatriots, which coincided with the meeting between Moldovan Minister of Foreign Affairs and European Integration Andrei Stratan and his Russian counterpart Sergei Lavrov in Moscow. While meeting in Chisinau and Moscow Russian and Moldovan officials "expressed satisfaction with dynamics of the Moldovan-Russian political dialogue and said that it will help advance forward resolution of problems related to bilateral cooperation." The series of diplomatic contacts aimed to prepare the agenda of talks between Presidents Medvediev and Voronin during the June 6, 2008 CIS summit. While nothing was clear after the meeting between foreign ministers of the two countries, Alexei Ostrovsky has made interesting revelations in an interview with journalists. Indeed, Ostrovsky revealed topics of talks with Moldovan officials and concessions President Voronin could accept to settle the Transnistrian conflict. In particular:

- Some federative relations between Chisinau and Tiraspol, including Transnistria's right to veto matters relating to national security, defence, and foreign policy, and state neutrality, accession to international political, economic and military organisations. Chisinau realises that the law on basic principles for the Transnistrian settlement would be an obstacle in this respect;
- Revising the status of Russian language in an eventual unified state and combating "actions aimed at the Romanianisation" of the Republic of Moldova;
- Revising the law on citizenship to allow only Russian citizens from Transnistria to run public offices in the Republic of Moldova (the present Law on citizenship leaves room for such irregular treatments).

The Russian dignitary confirmed that Russia will not recognise the independence of Transnistria in such circumstances. He noted that Russian authorities have a clear and cogent position regarding the Russian military contingent deployed to the Transnistrian region. It will be pulled out only after the political resolution of the conflict.

While meeting Ostrovsky on May 29, 2008, Transnistrian leader Igor Smirnov stressed that initiatives and good intentions of Moldovan president are a political bluff and cannot be believed. In order to regain the confidence of Transnistrian authorities, President Voronin should officially respond to Transnistria's offer to sign a good neighbourhood agreement with the Republic of Moldova and prove that he respects his promises: to achieve Moldova's accession to the Russia-Belarus Union; to declare Russian as official language; to turn the country into a confederation, etc. According to Smirnov, it would be better if Russia provided Transnistria with the economic assistance promised by signing the so-called Zhukov-Smirnov Protocol two years ago. The Russian dignitary agreed that the solution to the Transnistrian conflict should suit Transnistria, but stressed that there is a dose of seriousness in President Voronin's initiatives and the yielding the Moldovan leader has allegedly accepted are worth of consideration.

Ukraine's efforts to restart the „5+2” negotiation process

Some developments in the second half of June have made observers suppose that the race between Ukraine and Russia to control the Transnistrian regime has intensified. After Russia has refused to recognise Transnistria's independence despite its promise to extend the "Kosovo precedent" Transnistrian leaders signalled the need to promote a "multi-vector" foreign policy which would replace the one addressing Russia only.

The press service of the Ukrainian Foreign Ministry reported on June 18, 2008 that after a meeting with Ukrainian Foreign Minister Vladimir Ogrizko in Odessa on June 14, Transnistrian leader Igor Smirnov has accepted the following:

- The resumption of the "5+2" negotiations;
- The co-participation of Transnistria in the Moldovan-Ukrainian border delimitation commission. Earlier, Smirnov had categorically opposed this, saying that Moldova's participation in delimiting the Transnistrian section of the Moldovan-Ukrainian border is not justified;
- Talks on building the Dniester Euroregion, which would cover segments of the Ukrainian regions Odessa and Vinitsa on one side and Transnistria on the other side,

In this respect, it is curious that Ukraine has recently got what Russia could not earlier get, though Russia should be crowned with the laurel of efficient peacekeeper. Transnistrian authorities have appointed deputy foreign minister Vladimir Yastrebchiak as ad-interim minister shortly after Russian diplomats led by Zubakov visited Chisinau and Tiraspol. The news agency Novy Region quoted sources in the Ukrainian Foreign Ministry as saying that Smirnov will fire Litskai soon for the pro-Ukraine policy he has tried to promote in the last months.

EU-Moldova political dialogue on Transnistrian issue

At a governmental sitting President Voronin has made the totals of his participation in the May 27, 2008 meeting of the European Union – Republic of Moldova Cooperation Council. According to President Voronin, "it was decided in Brussels to develop a tighter cooperation with the European Union regarding the Transnistrian settlement. The European Commission expressed readiness to build a fund for covering expenses for the territorial integration of the Republic of Moldova." In order to make the eventual EU contribution available, President Voronin continued, the Transnistria settlement issue should be "discussed now as transparently as never before in all formats, without any secret." Also, President Voronin stressed that "a full reciprocal agreement on increasing the programme of confidence-building measures between Chisinau and Tiraspol" was reached with Brussels. In this respect, Voronin asked governmental structures "to estimate eventual expenses for the territorial reintegration of the country, so that EU to be able to assist this process."

EU and OSCE diplomatic and political assistance

EU supports Transnistria settlement actions

EU Special Representative to Moldova Kalman Mizsei told a meeting with Transnistrian leader Igor Smirnov on April 17 that the EU is ready to assist common projects which would eventually result from activity of working groups of Chisinau and Tiraspol. Representatives of bilateral working groups met in Bender the same day. Coordinators of working groups were appointed by Minister of Reintegration Vasile Sova and Transnistrian foreign minister Valeriy Litskai. Head of every group on behalf of Moldova have the rating of deputy minister. It was agreed that the working groups will hold periodical meetings.

On background of blocked activity of working groups and exchange of bitter replies between Voronin and Smirnov, Moldovan Speaker Marian Lupu and Transnistrian speaker Evgeni Shevciuk met in Brussels on May 14, 2008. The declared goal of the meeting organised with the participation of European Commission representative to Moldova Kalman Mizsei was to debate the strengthening of confidence-building measures between the sides via legislative institutions, as well as to discuss very actual concrete problems such as joint struggle against trafficking in human beings.

OSCE efforts to resume the negotiation process

Helsinki hosted on June 10, 2008 a working meeting of mediators and observers in the Transnistrian settlement negotiations. The meeting organised at the initiative of OSCE chairman-in-office was held in a "3+2" format without the participation of representatives of Moldova and Transnistria. The talks focussed on the need to consolidate confidence-building measures between the conflicting sides, support working groups established after the April 11, 2008 Voronin-Smirnov meeting. These actions should finally prepare a favourable climate to resume the conflict resolution negotiations in the "5+2" format. The talks in Helsinki were preceded by a meeting between Presidents Vladimir Voronin and Dmitri Medvedev during the CIS Summit in Sankt-Petersburg. The meeting did not approach the resumption of the "5+2" negotiation process.

A June 24, 2008 meeting between the chairman of the OSCE Mission to Moldova, Philip Remler, and Transnistrian leader Igor Smirnov focussed on optimising the activity of Moldovan-Transnistrian working groups and giving an impulse to efforts to restart negotiations. In this regard, Smirnov accepted to meet President Voronin again in the second half of July 2008, but in the presence of representatives of participants in the "5+2" negotiations. However, Smirnov stressed that working groups did not progress at all; Transnistria will accept only an equal-footing dialogue of the parties and guaranteed honouring of previous agreements between Chisinau and

Tiraspol. At the same time, Smirnov fell short of confirming reports by the Ukrainian Foreign Ministry regarding results of the meeting with Minister Vladimir Ogrizko in Odessa. He noted that Transnistria is interested in resolving economic and transportation problems, particularly in resuming the railway traffic which will be discussed in the "5+2" format.

Reiterating Chisinau's position on conflict resolution

President Vladimir Voronin reiterated Moldova's position on Transnistrian settlement in an interview with the Moscow-based magazine "Kommersant" on March 11, 2008, before hearings of the State Duma:

- There is no secret Transnistrian settlement deal. A package of documents was worked out, it was shared with mediators, observers and it will ensure the resolution of the Transnistrian conflict;
- The package of documents proposed to negotiators does not stipulate provisions to unfit the Law from July 22, 2005 on basic principles of the status of the Transnistrian region of the Republic of Moldova;
- The package of documents refer to the status of Transnistria; necessary guarantees; withdrawal of weapons from the region; withdrawal of the Russian military presence; civil peacekeeping mission;
- Transnistria will be granted a wide autonomy within the present constitutional framework of the Republic of Moldova. The status of Transnistria will comprise elements from earlier drafted documents, including the Kozak Memorandum;
- Participants in the "5+2" negotiation format except for Transnistria shall adopt a statement on recognition of Moldova's neutrality;
- A "Road map" will be needed to implement the documents concerned, which could result into the participation of Transnistria in the 2009 parliamentary elections should they be accomplished;
- Russian authorities support these approaches and call for the resumption of the "5+2" negotiations;
- The Republic of Moldova will not nationalise properties from Transnistria and it will recognise them if they were legally privatised;
- The reunited Moldova will have to assume debts worth 1.6 billion dollars gathered by Transnistria; Voronin is ready to negotiate with Smirnov, in order to settle the Transnistrian issue.

On April 3, 2008, just one week before meeting Smirnov, President Voronin reiterated Moldova's position on Transnistrian conflict at the NATO Summit in Bucharest.

Participation of civil society

On March 26-28, 2008, Chisinau hosted the international conference on "*Settlement of the Transnistrian conflict in the context of Europeanization of the Republic of Moldova*" organised under the aegis of the Foreign Policy Association (FPA) of Moldova. That was the second edition of the conference held as part of the FPA project "Transnistrian dialogues". Although Moldovan and Transnistrian high-ranking dignitaries did not give green light to the invitation to attend the conference, debates were useful to clarify some important things:

- EU Special Representative Kalman Miszei said that it would be well not to keep a tight hold on terms such as unitary state, federation, and efforts shall be focussed on distribution of competences in the decentralisation process;
- Deputy Minister of Reintegration Ion Stavila said that there are premises to make progress in the "5+2" Transnistrian settlement negotiations due to the "package" approach launched by President Voronin in 2006 and generally accepted by the Russian Federation. According to Mr. Ion Stavila, there are also premises to raise the U.S. and EU status within the "5+2 format" from observers to participants. Key documents for the Transnistrian settlement are the same: the law on basic principles of Transnistria's status adopted on July 22, 2008 and October initiatives by the chief of state;
- The director of the Institute of CIS member states, deputy chairman of the commission for affairs of CIS and compatriots Constantin Zatuliu said that Russia has recently explained its position on Transnistrian settlement via the March 21, 2008 State Duma Declaration. Russia recognises Moldova's territorial integrity as anticipation rather than as a real fact. Zatuliu ironized over the so-called "package" approach by President Voronin, which was allegedly accepted by Russian authorities. He stressed that none of Russian lawmakers have ever seen any "package" and Moldovan authorities introduce their wishes as accomplished facts. However, Zatuliu stressed that the latest rhetoric by Moldovan authorities regarding the affirmation of Moldova's permanent neutrality and confidence-building measures in relations with Tiraspol goes the right direction to remedy differences related to the refusal by President Voronin to sign the "Kozak Memorandum" in 2003.
- Western political analyst Vladimir Socor stressed Russia's rivalry with the West in settling the Transnistrian conflict. He emphasised the efficiency of the "soft" EU policy on Transnistria settlement, balancing it against that of Russia, which goals undermine the security of both Moldova and Ukraine.

Socor welcomed President Voronin's initiative aimed at the Transnistria settlement, but wondered that insisting on Moldova's neutrality will make Russia pull out its troops from Transnistria. Also, he called against speeding up a pre-electoral solution, fearing that this could disadvantage Moldova on a long term;

- Analyst Oazu Nantoi stated that latest developments, hearings by the State Duma reveal the decreasing Russian influence in Transnistria. He recommended not to hurry up to settle the conflict on the basis of pre-electoral reasons, calling for the democratisation and Europeanisation of the Republic of Moldova, in order to make it attractive for Transnistria, assuring that this would prepare the natural reintegration of the country;
- The representative of the OSCE Mission to Moldova, Claus Neukirch, said that despite the expected rapid resolution of the Transnistrian conflict, the parties are farer today from reaching a documents than they were in 2006, when the "5+2" negotiations were suspended. According to Neukirch, now "negotiations follow negotiations" and the unconditional resumption of the proper "5+2" negotiations will be the solution;
- Transnistrian analyst Andrei Safonov said that acting Transnistrian authorities will never accept a conflict resolution in the conditions imposed by Moldovan authorities on the basis of the July 22, 2005 law. He considers that a compromise will be probably reached after the 2009 elections – Moldova could give up the settlement within a unitary state and Transnistria could accept a reasonable yielding;
- FPA director Andrei Popov made the final conclusions of the conference, saying that the "package" proposals and insisting on international affirmation of Moldova's neutrality cannot motivate Russia to accept a rapid and lasting resolution of the Transnistrian conflict without harming Moldova's interests. Therefore, a rapid solution is unlike before the 2009 parliamentary elections. Given these circumstances, the Transnistrian settlement should be approached in all complexity and on a longer term.

4. JUSTICE

Capacity to impose respect for law / Status and independence of judges and prosecutors / Transparency, prevention and fight against corruption

Progress:

- The European Commission report on implementation of EUMAP welcomes⁹³ the adoption of legislation on justice; promotion of reformation strategies in the area; opening of the judicial management department; adoption of the Code of Conduct for judges; consolidation of SCM skills and creation of judicial inspection;
- Sounding political cases were closed by acquitting characters⁹⁴;
- Certain actions are taken to improve the quality of criminal cases⁹⁵;
- New regulations on status of prosecutor's office are worked out in continuation with the assistance of the joint programme of the European Commission and Council of Europe;
- By turning down unproved applications on sanctioning and questioning of some judges, SCM protected the status and independence of magistrates⁹⁶; SCM reacted to groundless media criticism, describing it as denigrating, insulting and saying that it aimed at political influence and pressing judges;
- SCM approved grounded appeals by prosecutor-general to file penal charges against some judges and decided to open disciplinary proceedings against judges who violated the judicial legislation⁹⁷;
- The state of things in organising the justice-making activity has improved, the right to public hearings is respected in principle, regulations on solemnity of proceedings are respected, violations of solemnity of legal proceedings are considered ethic breaches⁹⁸;
- Law courts apply the ECHR jurisprudence while examining complex cases⁹⁹; there are cases when amounts paid accordingly to ECHR decisions were raised against appeal¹⁰⁰;
- The Parliament held hearings concerning ECHR decisions on Moldova and decided the following¹⁰¹: the Government did not take all necessary normative, organisational, financial measures to make adequate conditions for the detention and appropriate functioning of the penitentiary system, law enforcement bodies; public authorities of all levels did not execute irrevocable and definitive decisions in the due term; efforts by law enforcement bodies, prosecutors, police and law courts to respect and meet the Convention are insufficient; public functionaries who violated rights and fundamental freedoms of citizens were not sanctioned; the right of the state to recourse against guilty persons was not adequately ensured; law courts and law enforcement bodies continue to neglect the ECHR jurisprudence and practice; inactivity, lack of a principled attitude by SCM and SCJ towards issues related to unification of legal practice, reprimanding and other sanctions against judges who passed unfair decisions, violated the discipline and ethics are obvious; activity by governmental agent is faulty, while deficient organisation and failure to use all proceedings allowed by ECHR to represent the position of the state are a proof;
- Law # 105-XVI from 16.05.2008 on protection of witnesses and other participants in criminal proceedings aimed to ensure the security of participants in trials whose lives, corporal integrity, freedom or property are threatened was adopted;
- There is an improvement in executing judicial decisions, especially those advantaging the state¹⁰²;
- Legislative changes influenced the crime rate, improving the quality of criminal investigations and justice-making process; more than 230 offences unregistered and hidden by MIA and CCECC officers were discovered and recorded after controls by prosecutors¹⁰³;
- Law # 65-XVI from 27.03.2008 on detachment of SCM Chairperson throughout his/her mandate and corresponsive remuneration of SCM Chairperson was adopted and enforced.
- Web transparency has increased, the official website of courts of appeal <http://ca.justice.md> was opened; some courts opened websites and publish a list of cases proposed for examination (but the information is incomplete, participants in trials have no idea about websites and their purpose)¹⁰⁴;

⁹³ The report was released on April 3, 2008, the COM document (2008) 399 is also available at www.mfa.gov;

⁹⁴ Former Chisinau mayor Serafim Urecheanu was acquitted on May 26, 2008 in the so-called "ambulance case";

⁹⁵ The Prosecutor's Office Collegial Council obliged prosecutors on 30.05.2008 to analyse every decision on acquittal at operative sittings, trying to find violations committed during criminal proceedings and examination of cases by law courts;

⁹⁶ SCM decisions # 97/5 from 20.03.2008; # 100/5 from 20.03.2008;

⁹⁷ SCM decisions # 86/5 from 20.03.2008; 137/7 from 17.04.2008; # 143/7 from 17.04.2008; 155/8 from 15.05.2008; # 204/10 from 05.06.2008;

⁹⁸ SCM decision # 154/8 from 15.05.2008;

⁹⁹ SCJ decision on building SA «Vinuri Ialoveni» took into account the security of legal relations and stability of legislation;

¹⁰⁰ The case of former minister of transportation A.Cuptov concerning the non-execution of a judicial decision on reinstatement in office;

¹⁰¹ PD # 72-XVI from 28.03.2008;

¹⁰² According to Minister of Justice (interview published by INFOTAG news agency), the real execution rate of documents increased by 2.1 percent in 2007 and the amount effectively collected for the state benefit rose by 15.7 percent;

¹⁰³ Activity of the prosecutor's office in the first half of 2008;

¹⁰⁴ Consolidated monitoring report on implementation of the Country Threshold Program by Moldovan Government (01.01 2008 – 31.03. 2008);

- The law on declaration and control on incomes and property of dignitaries was modified, obliging the SCM to publish online the declarations by judges¹⁰⁵; SCM has examined actions against corruption factors and adopted a special decision¹⁰⁶; SCM opened an anti-corruption hotline (telephone: 223 079).¹⁰⁷

Shortcomings and problems:

- The April European Commission report on implementation of EUMAP says that the legislation shall be adequately applied, administrative capacities in the area of justice shall be consolidated, and judiciary and auxiliary personnel shall be permanently trained in order to fulfil the goals of the plan. The reform of the Prosecutor-General's Office aimed at ensuring its independence and reducing competences which unfit European standards is an unresolved problem;
- Community institutions and representatives of other countries continue to remark many problems in the area of justice, insistently recommending a better situation in this sector¹⁰⁸;
- The CHR report on respect for human rights in 2007 and results of parliamentary hearings on this report signal many problems in the area of justice¹⁰⁹;
- Judges continue to take actions that affect the rule of law and general order of proceedings:¹¹⁰ the solemnity of proceedings is not completely ensured; the requirement to publish the timetable of trials is often violated; some judges do not take into account the necessity to respect ethic norms and the obligation to be fair; there are cases when judges are passive as conductors of trials; many trials are delayed and postponed; lawyers, prosecutors and judges are late without grounded reasons;
- Judges continue to be dependent on political factor and executive power, promotion of magistrates is subjective and non-transparent¹¹¹;
- Independence and quality of justice, application of law are so far considered low and this situation produces distrust and encourages applications to the ECHR¹¹²;
- Following were the main causes why the ECHR sentenced Moldova: non-execution of judicial decisions; the excessive term of judicial proceedings; accepted applications submitted to law courts too late; unmotivated cassation of judicial decisions; issuance of obviously groundless decisions; arrest and holding without a valid or motivated warrant; persecution of plaintiffs; torture; inadequate detention conditions; deprivation of the right to demand compensations for violation of Convention at national level; unfair examination of cases on defence of honour and dignity¹¹³;
- The prosecutor's office ascertained in 34 cases examined by ECHR that the regress against guilty local public officials is impossible because of the retroactive inapplicability of legislation;
- The report on functioning of law courts in 2007 signals many shortcomings¹¹⁴: there is a trend to limit the independence of judicial authority (imposing pecuniary responsibility for cases lost at ECHR; annulling inviolability of judges); the legislature and executive did not take actions to increase the number of judges and ensure sufficient auxiliary personnel (majority of law courts are overloaded with cases, lots of cases were not examined last year; delayed examination fuels the discontentment of justice seekers); funding is insufficient (although the economy is developing, allocations for justice are low so far, they do not correspond to international practices and recommendations);
- Lawyers face discrimination, legal defenders are intimidated in continuation¹¹⁵;
- The prosecutor's office continues to be rated as an unreformed law institution,¹¹⁶ it keeps being involved in persecution of political opponents¹¹⁷;
- Many objective (big number of decisions, difficult material and financial condition of debtors, absence of debtors who left for abroad) and subjective factors (refusal of creditor to advance the execution expenses; difficulties to hold the debts from salary or other revenues, difficulties to organise auctions; staff fluctuation and inaction of some judicial executors, etc.) obstruct the execution of judicial decisions;

¹⁰⁵ Law # 77-XVI from 10.04.2008;

¹⁰⁶ SCM decision # 123/07 from 17.04.2008;

¹⁰⁷ SCM decision # 179/9 from 22.05.2008;

¹⁰⁸ Statements delivered by European Commissioner for External Relations and European Neighbourhood Policy Benita Ferrero-Waldner at the news conference summarising the Meeting of the Moldova-EU Cooperation Council (27.05.2008); Statements delivered by U.S. Ambassador Michael Kirby during the spring session of the Programme "Discussing the Social Future of the Republic of Moldova by Young Leaders besides Foreign Experts" organised by IDIS „Viitorul" jointly with the Friedrich Ebert Foundation;

¹⁰⁹ PD # 132/12.06.2008, minutes of the 12.06.2008 parliamentary sitting;

¹¹⁰ SCM decision # 154/8 from 15.05.2008;

¹¹¹ The 2008 report on human rights by the U.S. Department of State, www.state.gov; Nations in Transit 2008 report;

¹¹² Interview with lawyer J.Hanganu (newspaper Timpul, 14.04.2008); Interview with lawyer V.Nagacevschi (magazine „Analytique", 21.06.2008);

¹¹³ PD # 72-XVI from 28.03.2008;

¹¹⁴ SCM decision # 106/5 from 20.03.2008;

¹¹⁵ News conference held by Chairperson of the Moldovan Bar on 22.04.2008; news conference held by lawyer Aureliu Scortescu, Infotag, 25.06.2008;

¹¹⁶ Statement delivered by Moldovan president at a press conference on 18.03.2008;

¹¹⁷ RPP statement from 01.04.2008; LDPM members questioned at workplace by prosecutors (newspaper „Timpul", 10.04.2008);

- Priority actions stipulated by EUMAP are not accomplished¹¹⁸: elaboration and implementation of a secure and automatic system to administrate cases; ensure generalised online data; implementation of a unitary information system to record the application of execution documents; building of an accessible legal statistic system to cover cases and examination terms, execution of decisions and accusation percent. Regulations on mandatory online publication of decisions by Courts of appeal and SCJ are not respected; a portal of law courts is not designed.
- SCM Decision # 164/9 from 22.05.2008 noted that the principle of hearing criminal cases in a reasonable term is not respected; terms for editing and delivering copies of sentences to arrested convicts are violated; ex-officio lawyers provide formal assistance, they do not honour obligations of defender, criminal investigators are facilitated while violating criminal norms.

Training specialists in system / Material insurance

Progress:

- The European Commission report on implementation of EUMAP welcomes the opening of the National Institute of Justice (NIJ);
- NIJ opened a new contest for vacancies of judges and prosecutors (10 judges and 30 prosecutors)¹¹⁹;
- NIJ holds thematic training courses for judges, prosecutors, auxiliary personnel¹²⁰;
- Trainers on the European Convention for the Protection of Human Rights and humanitarian law are educated with the support of international institutions and organisations; heads of law courts are trained to prevent and combat corruption factors, in the field of conduct of judges, management and supervision¹²¹; judicial executors attended information training courses¹²²;
- SCM analysed reports by Chamber of Auditors regarding auditing by judges and warned heads of law courts that they are responsible for financial management, exact respect for legislation on financial-budgetary discipline and legality of expenses; NIJ was instructed to include financial management matters in the training plan¹²³;
- The Parliament has registered and examined a draft decision on estimate of the Supreme Court of Justice, law courts and Superior Council of Magistracy for 2009, which stipulates a certain growth of allocations for justice¹²⁴;
- The Government allocates funds for renovation of offices of law courts.¹²⁵
- Law courts are endowed with equipment to multiply legal decisions.

Shortcomings and problems:

- The European Commission report on implementation of EUMAP signals the necessity to consolidate the training of judges and prosecutors, inclusively in the area of human rights;
- The number of judges was not increased¹²⁶; auxiliary personnel is insufficient in continuation¹²⁷;
- The reformation of the funding system needed to ensure the financial independence of the judicial system is late; the law on rectification of the state budget for 2008 did not stipulate more expenses for the justice¹²⁸; the SCJ does not participate in activity of some international organisations of judges (Association of Francophone Supreme Courts, etc.) because of the shortage of funds;
- The judicial system faces many staff-related problems, many experienced specialists tendered resignation because of the policy promoted by administrations of some law institutions¹²⁹;
- Some actions aimed to implement the strategy on consolidation of the judicial system are late:¹³⁰ elaboration of newsletters on ECHR jurisprudence; ensuring access to SCJ jurisprudence; implementation of the concept of legal information system for 2007-2008.

¹¹⁸ GD # 113/03.02.2007;

¹¹⁹ Decision # 1 by NIJ Board from 27.06.2008;

¹²⁰ Training courses and seminars: „Methodology to issue processual acts by prosecutors and instruction judges”, „Methodology to issue processual acts on civil and penal cases”, „Domestic violence”, „European Convention and ECHR jurisprudence”, „Freedom of meetings as a means to exercise the right to opinion and freedom of expression”, etc.;

¹²¹ Assistance provided within the joint CoE and European Commission programme; Governance Threshold Country Program (USA); by German Foundation for International Legal Cooperation, ABA/ROLI, etc.;

¹²² Courses organised with the support of the Millennium Challenge Account;

¹²³ SCM decision # 207/10 from 05.06.2008;

¹²⁴ Although it claims to be a reform of the justice funding, the document is nothing but a formal approval of the quantum coordinated beforehand with the Government, with the needs of the justice being bigger than these amounts. According to researches in this area, the funding of justice compared with GDP is very low, with Moldova registering lowest expenses for the justice per capita in Europe (0.8 Euros);

¹²⁵ GD # 334 from 21.03.2008 allocates 690,000 lei for the capital renovation of the Botanica Court in Chisinau municipality;

¹²⁶ Annex 1 to Law # 514/06.07.95 concerning judicial organisation;

¹²⁷ Reports on functions of the Chisinau Court of Appeal: approved and needed, <http://ca.justice.md>;

¹²⁸ Law # 149/03.07.2009;

¹²⁹ Interview with lawyer V.Nagacevschi (magazine „Analitique”, 21.06.2008);

¹³⁰ PD # 174/19.07.2007;

Alternative ways to settle litigations / Prisons

Progress:

- The following laws were published and entered into force: the law on probation; the law on arbitrage and the law on commercial arbitrage;
- The Association of Mediators was established to support mediation and protection of mediators in Moldova¹³¹; the Mediation Council has approved a number of documents: the regulation on attestation of mediators; the regulation on registration of mediation offices; the Conduct Code of Mediator;
- The National Council for State-Guaranteed Legal Assistance was set up and functions¹³²;
- Public manifestations on criminal policy reform take place¹³³;
- Community legal centres participate in specialised training courses, information campaigns are organised to raise awareness over juvenile crime¹³⁴;
- Projects on fight against juvenile delinquency and reformation of the juvenile justice system are underway¹³⁵;
- A cooperation agreement on implementation of the mediation institution in criminal cases was signed (PG and Institute for Renal Reforms);
- The number of inmates is on the decline¹³⁶;
- Employees of prisons increase their knowledge and skills¹³⁷;
- The Department of Penitentiary Institutions cooperates with national and international nongovernmental organisations (UNICEF Moldova, NORLAM, EC, OSCE, International Association for the Prevention of Torture and the Center for Human Rights of Moldova), they hold joint seminars and other actions;
- The legislation on retirement was modified and more than 200 convicts will get invalidity and retirement pensions¹³⁸;
- The policy on humanisation and decriminalisation of penal legislation is implemented by improving the legislation, the package of laws will be delivered to the Parliament on autumn 2008.

Shortcomings and problems:

- The new legislation on alternative measures to examine cases (mediation, probation, arbitrage, state-guaranteed legal assistance) is implemented with certain deficiencies and delays; although adopted early this year, the new laws on arbitrage, commercial arbitrage and probation were published just in late May and June, while their implementation is delayed by the extended enforcement term and necessity to ensure the accordance of legislation and adopt some normative acts by Government;
- The Code of Penal Procedure shall be updated and simplified, in order to release material and human resources for settling some minor cases¹³⁹;
- Despite some improvement, major problems in prisons are the same: shortage of funds; overpopulation; disagreeable conditions (sanitary-hygienic conditions, poor lighting and lack of ventilation) and even dangerous for life; necessity to train personnel, to improve attitude towards inmates¹⁴⁰;
- The number of inmates in Moldova is much higher than the European average, prisons are not concentrated and this hardens the management and maintenance, offences are committed in prisons, including by employees of these institutions¹⁴¹;
- According to some data, more than 60 percent of former detainees return to prisons because they cannot rejoin the society and commit new crimes¹⁴²;
- Some measures implemented by authorities result into abuses and wasting of funds; convicts or persons sentenced to unremunerated labour do not execute the punishment, these sanctions turn into a short-term detention (up to one month), and these persons receive indemnities of 1,500 lei accordingly to GD # 1353/2005 when they are at large again.¹⁴³

¹³¹ The constitution conference took place on 08.05.2008;

¹³² The council administration was elected at the 09.04.2008 sitting;

¹³³ An international conference on "Penal policy in the Republic of Moldova in transition to European standards" took place on 08.04.2008;

¹³⁴ Activity of the Institute of Penal Reforms (IPR);

¹³⁵ The project "Reformation of the juvenile justice system in Moldova" (Swedish Embassy and UNICEF representation to Moldova); the IPR project on education of schoolchildren to combat the juvenile delinquency;

¹³⁶ As of 01.04.2008, 7,724 condemned and warned persons were in detention, compared with 8,400 persons on 01.04.2007;

¹³⁷ Training seminar on "Basic management and leadership principles" for heads of prisons and directors of subdivisions of the Department of Prisons, 23-25 June 2008;

¹³⁸ Law # 67-XVI from 27.03.2008;

¹³⁹ Opinions by European experts and debates during the conference on "Penal policy of Moldova in transition to European standards", 08.04.2008;

¹⁴⁰ CHRM report 2007, parliamentary debates and PD # 132-XVI from 12.06.2008; 2008 report on human rights by the U.S. Department of State; news conference of members of the CHRM Advisory Board, Infotag news agency, 26.06.2008;

¹⁴¹ Interview with head of the directorate for supervising the execution of punishments of the Prosecutor-General's Office, newspaper „Nezavisimaia Moldova”, 18.03.2008;

¹⁴² Data of the community centre, newspaper „Jurnal de Chisinau”, 10.03.2008;

¹⁴³ See also the commentary „Situatia persoanelor detinute la care munca neremunerata sau amenda au fost inlocuite cu privatiune”, www.irp.md;

5. DEVELOPMENT AND ECONOMIC REFORMS

Poverty reduction

Progress:

- In June 2008, the Moldovan Government and the World Bank signed three funding agreements worth 30 million dollars between Moldovan Government and the International Development Association; the funds will be used to reduce poverty and implement the national drinkable water providing and sanitation project.
- State social allocations except for the looking-after allocation were indexed by 12.3 percent.
- The subsistence minimum has grown by 15 percent in normal terms in the 1st quarter of this year, compared with 2007.
- The single birth indemnity was increased and the Parliament voted in two readings the rise of monthly indemnities for growing up children under three years old. About 6 million lei is needed this year and another rise is foreseen starting 2009.

Shortcomings and problems:

- The high inflation rate early this year linked to dearer imported energy resources, global inflation on food products and summer 2007 drought has seriously affected the population of the country, particularly those earning very low wages.
- The wage rise was slower. The wages rose by 10.8 percent only in the 1st quarter, compared with 2007.
- Following the 17-percent indexation of pensions¹⁴⁴ in April 2008, the average monthly pension has grown up to 663.56 lei which covers half of the minimum consumption basket.
- The indexation of state social allocations, pensions and rise of indemnities for growing up children had a negative impact on the budget.

Consolidation of economic growth

Progress:

- The contribution of a higher value-added was bigger than of net taxes on products and imports. Although a significant rise in the gross value-added was observed meantime, such a low rise (0.9 percent) of taxes is astonishing and it is due to a slower growth of imports than before and appreciation of Moldovan leu.
- The growth of GDP tends to be fuelled more by investments than by consumption.
- The industry achieves faster growth paces after the decline in the past years. The industrial production rose by 4.6 percent in the first half of 2008, compared with the same period of 2007, with winemaking and distilled spirits having an important role.

Shortcomings and problems:

- The GDP rose by 4.3 percent in the 1st quarter of this year, which is the lowest rise ever recorded in the 1st quarter in the past eight years. Despite certain concerns, no correlation was observed between the GDP rise in the 1st quarter and the annual GDP growth registered until now.

Macroeconomic and financial stability

Progress:

- A deflation was recorded in June, but it was rather due to favourable weather and less expensive fruits and vegetables.
- The National Bank is quite categorical to reach its key objective of maintaining the stability of prices and it intervened this year, too, by taking important actions twice. The basic interest rate on REPO securities was increased by 1 percentage point in March and 1.5 percentage points in May. Thus, the basic rate is 18.5 percent, being among highest ones in the region. Although it is capable to reduce the rise pace of

¹⁴⁴ GD # 316 from 17.03.2008 concerning the indexation of social insurance performances and some state social performances;

credits, it does not produce the same effects like in other developed countries because of undeveloped channels to transmit the monetary policy. As a result, the National Bank has gradually raised up to 22 percent the mandatory reserve norm for means attracted by commercial banks. The mandatory reserve norm is a tool used rarely by the central bank and it signals the concern of authorities with the high inflation rate and firm position of the National Bank to fulfil its key objective. Another result was the less currency purchased by NBM in the first half of 2008 as compared to last year, and this sustained the appreciation of Moldovan leu versus USD and EURO.

Shortcomings and problems:

- Prices rose by 7.4 percent in the first 5 months of 2008, excluding this way any possibility to maintain a one-digit annual inflation rate in 2008 stipulated by the Memorandum of Economic and Financial Policies with IMF.
- National Bank's actions to maintain the inflation raised the interest rates on the banks' attracted deposits and credits of banks, while the supply of consumer credits is on the decline starting April.

Fiscal transparency and sustainability

Progress:

- Budgetary revenues exceeded the plan, while expenses were lower than planned.
- In March, the Ministry of Finance adopted the regulation on elaboration, monitoring and reporting of budgets by programmes,¹⁴⁵ which will have a positive contribution to management of budgetary resources if efficiently applied.
- The high inflation early this year has alarmed the Ministry of Finance as well, as it is revising its priorities and calls for a zero budgetary deficit. The first amendments to the state budget were already rectified in early June, supplementary funds were allocated for renovation of hospitals, kindergartens and gasification of localities and the budgetary deficit was reduced.

¹⁴⁵ Order # 19 by the Ministry of Finance from 16.02.2008 published in Monitorul Oficial # 45-46 from 04.03.2008;

6. DEVELOPMENT AND SOCIAL REFORMS

Social dialogue on employment

Progress:

- No great progress was noticed.

Shortcomings and problems:

- A clear mechanism for social dialogue on labour protection, health and security was not set up, though the legislation does not stipulate mechanisms for social dialogue at national level, at level of sector and enterprise. This mechanism should facilitate the dialogue with social partners and civil society in order to assess the current situation in the area and identify key challenges and answers to them.
- Given the EUMAP objective on accordance to EU standards in this area, the effective legislation does not include express norms afferent to regulations of the European Directive 2002/14/EC of the European Parliament and Council from March 11, 2002, notably Article 4. *Modalities of information and consultation*, paragraph (2), which obliges the employer to inform and consult employees regarding (a) recent and probable evolution of economic activities and condition of enterprise or unit; (b) situation, structure and probable evolution of employment in enterprise or unit, as well as concerning eventual planned anticipation measures, especially when jobs are threatened.¹⁴⁶

Workplace health and security

Progress:

- Great progress was observed.

Shortcomings and problems:

- Although it was debated in the 3rd quarter of 2007, the Parliament did not approve the draft law on security and health at workplace.
- The draft law was just approved at a government sitting. At the same time, according to the database of the harmonised national legislation, this draft law partly corresponds to the *acquis communautaire*.

Social protection and integration

Progress:

- The Government continued to raise social allocations such as pensions and introduced minimum standards for the protection, education and socialisation of children from residential institutions.
- On March 7, 2008 the Parliament adopted the law on completion of Article 7 of the law on social protection of citizens affected by the Chernobyl disaster. The basic completion stipulates the right of participants in cleaning up consequences of the Chernobyl disaster to a monthly compensation accordingly to conditions established by Government, in order to buy food products needed to eliminate radionuclide from their organisms.
- On March 17, 2008, the Government issued the decision on indexation of social insurance performances and some state social performances. The decision established a 17-percent indexation coefficient for 2008, on the basis of a 12.3-percent annual rise of the consumer price index and a 21.7-percent annual growth of medium salary on country for the precedent year. Starting April 1, 2008, the minimum indexed pension is 422.96 lei for the retirement pension for farmers; 475.09 lei for the retirement pension for other pension beneficiaries; 337.98 lei for the 1st-degree invalidity pension; 326.38 lei for the 2nd-degree invalidity pension; 229.82 lei for the 3rd-degree invalidity pension.
- The Parliament adopted an important modification on state social insurance pensions on March 27, 2008; it grants the right to pension to convicts, establishes the pension by limiting contributions and obliging foreigners and stateless people to pay state social insurance contributions.

¹⁴⁶ European Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community, including modalities of information and consultation which any employee shall respect, as well as areas that information and consultation of employees shall cover;

- On June 13, 2008 the Parliament adopted the law on social aid, which regulates the legal framework on providing social aid to families and people in need. Under the law, disadvantaged families will be provided with social assistance should all adult members meet any of the following conditions: they are retirees; they are disabled; they are certified as job seekers; they look after a child under 6 years old; they look after a disabled person. The social assistance is established as a difference between guaranteed minimum monthly revenue and overall income of the family (all earnings for remunerated work, all types of entrepreneurial activity, social insurance and assistance indemnities, revenues from farm land and plots, as well as other kinds of revenues, including for property, securities and real estates owned by the family concerned). The new regulations will enter into force in three rounds for different categories of beneficiaries, with the first round being set to take effect on October 1, 2008.
- A draft strategy on social inclusion of disabled people was worked out in the period concerned and it stipulates the harmonisation of the social protection system for disabled people, in order to ensure their social inclusion and respect for their rights and fundamental freedoms. The chairman of the governmental council for problems of disabled people, Deputy Prime Minister Victor Stepaniuc welcomed the draft strategy, but noted that the implementation term of the document shall be established and some regulations of the strategy shall be coordinated with the national programme on rehabilitation and social integration of disabled people for 2007-2009. It was decided that all initiatives will be presented by July 1, 2008, in order to deliver the strategy to competent ministries for approval. The number of disabled people is on the permanent rise in Moldova, counting for over 170,000 persons (by 28,000 people more than in 2007). Representatives of the Moldovan association of invalids asked the inclusion of topics on remediation of social integration obstacles faced by invalids and employment opportunities for these people in the agenda of next sittings of the council.

Shortcomings and problems:

- Given oscillations of prices, particularly of food products and services and minimum consumer basket which accounted for 1,315 lei on average in the 1st quarter of this year, as for data of the National Bureau for Statistics, the new indexation rate on minimum pension does not cover 40 percent of the minimum of existence.
- Approximately 100 retirees from Chisinau protested in front of the Government headquarters on June 17, 2008, seeking lower prices and higher pensions. They said they cannot survive any longer with the money they earn at present. Many retirees have to continue working often as traders or guardians in order to survive. According to official accounts, the medium pension in Moldova is 550 lei, while the minimum consumer basket is twofold higher. Given the recent high price rise, retirees and socially vulnerable people have problems to survive, while prices are volatile and they could grow again before October 1, 2008, when the new round for providing social assistance is set to begin.
- Although the January 30, 1992 law ensures participants in cleaning up the consequences of the Chernobyl disaster with food products required to eliminate radionuclides from their organisms, the law is not really applied, as the state does not control commercial units which should provide the citizens with appropriate products. Under appropriate norms, the necessary food products cost about 850 lei in markets and 2.3 million lei a month (more than 28 million lei a year) is additionally needed from the state budget to implement the law.

Public health

Progress:

- On March 6, 2008, the Parliament adopted the law on transplantation of human organs, tissues and cells aimed to raise the number and extend the range of interventions implanting heart, liver, pancreas, cells and neural stems cells. An important provision of this law says that the Agency for the transplantation of human organs, tissues and cells to be open in Moldova, will be subordinated to the Ministry of Health and will coordinate the transplantation practice at the national level. Specialists will authorise surgery and establish conditions to get material from donors.
- On May 15, 2008 the Parliament passed in the first reading the new law on blood transfusion security aimed to adjust the normative basis on blood transfusion security to Directives 2002/98/EC of the European Parliament and of the Council of 27 January 2003 and 2005/61/EC and 2005/62/EC of 30 September 2005 which apply Directive 2002/98/EC, as well as improve medical technologies in this area. It is worth to note that the Development Bank of the Council of Europe has provided funds for the national programme "Transfusion security and self-insurance of the country with blood for 2007-2011". The allocated amount is estimated at 6 million Euros, of which about 98 percent to purchase medical equipment and consumable materials.

- The Memorandum of understanding concerning future of the Health Network within the South East European Regional Cooperation Process was signed on May 30, 2008. Cooperation within the network provides states with technical assistance and consultations in the emergency and blood transfusion sector, control on catching diseases, control on food security and tobacco, elaboration of new psychical health policies.
- Moldova chairs the South East European Health Network in January-June 2008. It is implementing a mental health project within this network to deinstitutionalise persons suffering from psychic diseases.

7. INTERNATIONAL TRADE

Commercial Relations (Trade Regime with EU)

Progress:

- The new commercial framework (Autonomous Trade Preferences) was officialised by the European Commission and entered into force on March 14, 2008. In this regard, the Government has adopted a regulation on management of tariff quota for the commodities export to the EU. The document regulates the issuance of authorizations to export production to the EU. Enterprises making and exporting wines and sugar apply for preferences the most. Thus, 40 percent of the wine export quota and 52 percent of the sugar export quota were used up from March 14, 2008, when the ATPs were provided, to late June 2008.

Shortcomings and problems:

- The reintroduction of the ban on honey export to the community market by Moldovan beekeepers. This decision came after a visit by DG SANCO experts, who found out prohibited elements in some samples of honey made in Moldova. It comes just one year after honey producers were provided preferential access to the EU market.

Export promotion and development

Progress:

- Exports to EU have grown by 26.1 percent, covering 51.3 percent of all exports. In comparison with the same period of 2007, the share of exports to the community market has increased by 0.3 percent only. On the other hand, the rise of exports to CIS by 35.9 percent fuelled by the lifting of the Russian embargo on wine exports, too, has raised the share of exports to this market from 37.2 percent up to 40.3 percent. Romania and Russia are the main export markets for Moldova, covering 20.3 and 20.1 percent of all supplies. Given the tight connection between destination and assortment of exported goods - Moldova exports more textiles to EU and more food products and spirits to CIS – the share of different products in Moldovan exports has also changed. Thus, “food products, drinks and tobacco” are on the 1st place again, defeating “textiles and items”. On the other hand, both categories cover by about 42 percent of Moldovan exports. The situation is very descriptive as regards wine exports.¹⁴⁷
- Spirits exports have grown much, notably 2.1-fold compared to similar period of the last year. Bottled wine exports have grown twofold in terms of value and by 82 percent in terms of volume. At the same time, the export of wine in bulk has grown approximately twofold as quantity and value (+216 percent). The wine exports growth is much more robust in eastern direction. Thus, spirits exports to CIS have grown 2.3 fold, while supplies to the community market have advanced by 40 percent. The opening of the Russian market was not the only reason. Ukraine consumes more Moldovan bottled wine than the EU does: 564,000 decilitres vs. 454.9 decilitres or 8,546,100 dollars vs. 8,370,600 dollars. Despite the fact that the eastern market will be further predominant for Moldovan winemakers, the progress made to advance on the European market shall not be underquoted, as the importance of this market will be maintained on medium and long terms.

Shortcomings and problems:

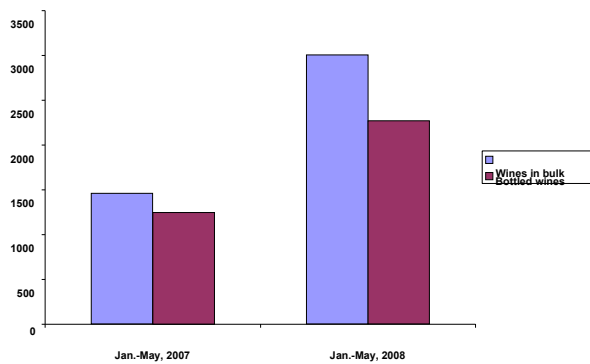
- Evolutions in the international trade area were particularly shaped by well-known trends in the first five months of 2008, in particular, a much faster rise of imports which fuelled the trade deficit.¹⁴⁸ While exports have grown by 25.5 percent compared with the same period of 2008, imports have increased by 43.4 percent. Therefore, the trade deficit has reached a “spectacular” level of 1.25 million dollars, growing by 53.8 percent compared to the similar period of 2007. Ceaseless remittances from Moldovan emigrants particularly fuel such an import expansion, as they encourage the private consumption.
- The relative Moldovan wine price increase proves the dollar’s depreciation rather than the placement of Moldovan wines in a dearer segment at the aggregate level. At the same time, this is a proof that Moldovan exporters face many problems to sell dear domestic spirits such as bottled alcohol drinks on foreign markets. A full picture can be getting if specifying that almost all wines in bulk go to CIS, while Romania is the only country in the EU area importing unimportant quantities of such wines.¹⁴⁹

¹⁴⁷ All statistics on spirits were taken over from www.vinmoldova.md;

¹⁴⁸ Statistics;

¹⁴⁹ See also Economic Reality # 4 by Expert-Grup, May 2008, www.expert-grup.org;

Diagram 1. Dynamic of exports of bottled wines and wines in bulk, January-May 2007-2008



Source: State Agency MoldovaVin

Customs

Progress:

- Law # 102-XVI has introduced legislative changes needed to implement the “one-stop-shop” principle at customs. Under modifications, the Customs Service will take over competences of the State Phytosanitary Quarantine Service, State Environmental Inspectorate and Moldavian Agency of International Road Carriers (AMTAI) at border-crossing stations.
- On April 29, 2008 the Customs Service took over competences of the Moldavian Agency of International Road Carriers and Environmental Inspectorate to collect taxes for environment pollution. For this purpose, internal normative acts were approved, a cooperation agreement was signed between the Ministry of Transportation and Road Management and Customs Service, a software on automatic control on international motor transport and collection of fees „UNIPASS” (automatic record of international motor traffic) was elaborated.¹⁵⁰

Sanitary and phytosanitary standards

Progress:

- Law # 221-XVI on Sanitary-Veterinary Service adopted on October 19, 2007 was finally promulgated. This strategy establishes key sanitary-veterinary norms and regulations in Moldova, rights and obligations of the state, individuals and legal entities while producing, processing, storing, carrying and trading living animals and animal products. The law aims to ensure the health of animals, prevent the catching of diseases from animals to humans, achievement of human consumption, sanitation and quality of feed, testing and authorisation of medicinal products for veterinary use and substances used in veterinary diagnosis activities, protection of territory of the country against catching diseases by organising sanitary-veterinary activities. The law stipulates in institutional terms the building of a single system of state sanitary-veterinary services. The Sanitary-Veterinary Agency and the Safety of Animal Origin Products controlled by the Ministry of Agriculture and Food Industry plays the basic role. The single system will also include the Republican Centre for Veterinary Diagnosis and veterinary services of the Ministry of Defence, Ministry of Internal Affairs, Ministry of Justice, Border Guard Service, and other relevant state institutions. The sanitary and phytosanitary sector was among the fields with most serious areas during the implementation of the EUMAP.
- The Laboratory for Testing the Food Products of Animal Origin (LTFPAO) was opened with the support of the European Commission via the Food Security Programme.
- The adoption of the sanitary norm on protection of laying hens accordingly to EC Directive 1999/74 of 19 July 1999. This norm is expected to facilitate the accession of these products to the EU market (inclusively under the Autonomous Trade Preferences).

¹⁵⁰ See also the Communication released by the Customs Service on 02.07.2008;

8. BUSINESS CLIMATE

Business climate is a problem for Moldova so far

An analysis of European official speeches and assessments reveals that the EU regards the business climate reform as a major arrear of Moldova after three-year implementation of the Action Plan.¹⁵¹ Certain Moldovan officials try to contest these assessments. Is the business climate a problem for Moldova or not? Is the business climate worse than in other countries of the region?

Measuring the quality of business climate is obviously a subjective exercise. But the fact that majority of local and foreign observers do not have positive opinions about this climate shall give headaches to the Government, rather than measuring the business climate. “Diplomatic” assessments on Moldovan business climate say that “bureaucratic procedures are not always transparent”, “arbitrary decisions by public functionaries open opportunities for corruption”, “regulation of external trade, licensing and credit is problematic so far”. Perhaps the international comparison of business climate is more subjective than the measurement, but this is not important; such subjective exercises in majority of international ratings ranked Moldova on negative places (Table 1).

Table 1. Moldova’s place in international business climate ratings

Year	2005	2006	2007	2008
World Bank Ease of Doing Business Index				
Comments		Place among 155 countries	Place among 175 countries	Place among 178 countries
Moldova		84	103	92
Ukraine		121	128	139
Romania		78	49	48
Georgia		100	37	18
Macedonia		81	92	75
Albania		116	120	136
Heritage Foundation Economic Freedom Index				
Comments	At global scale: 90 - the best, 3 - the worst			
Moldova	57.8	58.3	59.2	58.4
Ukraine	56.1	54.6	51.6	51.1
Romania	51.9	58.2	61.2	61.5
Georgia	56.4	63.5	69.3	69.2
Macedonia	56.5	59.6	60.7	61.1
Albania	58.9	61.4	62.4	63.8
World Economic Forum Global Competitiveness Index, Institutions				
Comments	At global scale: 6.16 - the best, 2.41 – the worst			
Moldova				3.30
Ukraine				3.12
Romania				3.44
Georgia				3.62
Macedonia				3.34
Albania				3.14

Sources: World Bank, Heritage Foundation, World Economic Forum

In spite of many possible questions regarding the methodology and data used by diverse ratings, some of them influence the investors to place their capital in one or another country, and therefore the Government shall carefully monitor and react to the marks.

A new Government – new expectations

After the EUMAP’s official deadline in February 2008, the period between March and June was very interesting in terms of evolutions of business climate. If actions made in April-June would have been taken earlier, they would probably have improved the rating of Moldova by the European Union regarding the implementation of the Action Plan.

Some of these actions were launched during the government of Vasile Tarlev (such as privatisation of state securities at Dutch auctions). At the same time, the new government gave birth to new positive expectations of Moldovan business community regarding the speed-up of reforms aimed to improve the business climate. At least at rhetorical level the new Government seems to prove another attitude towards business regulation that its predecessor did. Even in her programmatic speech delivered in front of Moldovan Parliament on March 31, 2008 Prime Minister Zinaida Greceanii said that “a business environment based on stability of rules of the game, limited involvement of the state in entrepreneurship, a framework of practical and simple regulations capable to control the administrative burden and a developed financial infrastructure are fundamental aspects in attracting

¹⁵¹ US Department of State, „2008 Investment Climate Statement – Moldova”, <http://www.state.gov/e/eeb/afd/2008/100987.htm>;

investments, opening jobs and giving an impulse to economic growth.”¹⁵² She noted that “a functional, independent and efficient judicial system is capable to influence positively the business environment, investments and economic development in general.”

These statements probably reveal both “technocratic” convictions of the prime minister who is a job economist and increasing influence of young reformers inside of the Government who could promote new visions in the ruling programme. Let’s hope that the energy of young reformers will find a plenary and long-term political support, regardless of results of the 2009 general elections.

Conflict between patent holders and Government

Government’s position towards patent holders revealed the lack of a clear governmental policy on problems of small entrepreneurs in 2007. A solution advantaging majority of patent holders was found after the appointment of the Greceanii government. This victory was materialised in modifications and completions to Law # 93 from July 15, 1998 concerning entrepreneur’s patent¹⁵³ voted by Parliament in May 2008. By adopting these modifications, the governance has partly corrected its mistake made in 2006, when banned all activities based on entrepreneur’s patent. The validity term of the “retailing based on entrepreneur’s patent in markets and other legal places” was extended until January 1, 2017.

New provisions of the law stipulate express a list of industrial and food products liable to be sold on the basis of entrepreneur’s patent. This seems to be the maximum offer the Government is ready to make, while ongoing protests by meat traders could fail. At the same time, the law includes a stipulation which is hard to implement. The patent-based retailing is authorised should returns on sales of patent holders be worth maximum 300,000 lei in 12 months in a row. It is hard to imagine the way patent holders will report their sales since they are not obliged to bookkeeping.

Improving business licensing framework

Difficult and non-transparent business licensing procedures have also been a topic of criticism by entrepreneurs and experts and a key factor to push Moldova down in international ratings. The situation could change in 2008-09 should some legislative amendments adopted in June 2008 be effectively implemented. Positive amendments were adopted in December 2007 to simplify the business licensing framework, but the law was published just in June 2008, with some regulations being set to enter into force in September 2008.¹⁵⁴ In particular, essential modifications to the law on licensing of certain kinds of services (its title was changed into the law regulating the entrepreneurship) were approved. A revolutionary stipulation was to introduce the “tacit consent”, which means that the licence is considered issued or reissued should the licensing authority not respond to the licence applicant, licence reissuance application in the terms and conditions stipulated by legislation. The law establishes a single way to develop licensed activities in Moldova and makes the licence applicant responsible for conformity of declared and real data.

The law says that the Ministry of Economy and Commerce promotes the state policy on this sector and licensing authorities chosen under this law participate in promoting the state policy. It establishes an exhaustive list of licensing authorities, eliminating 2nd-level and municipal local public authorities. The exclusion of local authorities from the list of licensing authorities will help combating some informal payments. The licensing authority shall make a decision approving or refusing a licence application within 5 working days after the application is submitted, while this term was 15 days accordingly to precedent norms. The licensing control procedure was modified to advantage licence holders, removing existing aleatory and doubtful elements. At the same time, the law establishes equity (proportionality) between interests of society and rights of entrepreneurs during control on respect for licensing norms and suspension/withdrawal of licences. However, it is unclear how respect for this principle will be ensured. Unfortunately, the number of licensed activities did not decrease and this is a serious failure of the liberal wing of the Government.

Also, Law # 281 clarified funding sources for standardisation services, eliminating regulations which allowed these services to apply arbitrary taxes on economic agents for different services. The terms for state ecological surveys were halved.

Serious failures

Serious failures which affect the business climate in Moldova include among others the increasing political influence on market regulating agencies. It was proved that their directors may be dismissed at a simple indication by chief of state, and this kills the desire of these agencies to be politically independent.

¹⁵² See the speech by candidate to the position of Moldovan prime minister delivered at the parliament meeting from 31.03.2008;

¹⁵³ Amendments based on Law # 121-XVI from May 29, 2008 on modification and completion of the law on entrepreneur’s patent;

¹⁵⁴ Law # 281-XVI from December 14, 2007;

Despite the opening demonstrated by some public institutions, so far corruption is a scourge which limits the free economic initiative. A new law on the prevention and struggle against corruption was adopted on April 25, while the similar law from 1996 was abrogated.

However, there are no major qualitative differences between the two laws to make one expect a more efficient anti-corruption fight. In particular, other decisions capable to harden the anti-corruption fight may be adopted in key areas. For example, the Parliament is considering draft legislative amendments entrusting customs authorities to establish the value of imported goods. Under amendments, the customs authority is free to establish the customs value of goods by applying one of the six methods stipulated by the current law, should data confirming the correct value of commodity be unavailable or should it hold evidence that the provided data are wrong (the declared value is lower than the production value) or insufficient. The draft also says that customs officers will be able to establish the value of imported goods inclusively on the basis of reference prices established by customs bodies. „Reference prices” and other foggy regulations give birth to premises for customs inspectors to interpret legislative norms arbitrarily.

Finally, there is an initiative that businessmen could welcome, but it cannot be understood with the “normal” economic logic. The Government approved in April a draft on completion of the Fiscal Code with a new article which stipulates the simplified payment of debts to the state budget, budgets of administrative-territorial units and mandatory health insurance fund. The cabinet proposes to erase debts of agents selected on the basis of “special conditions and criteria” towards state budget. Is this a future second wave of fiscal amnesty? If implemented, this initiative will confirm one more time the weakness of the Moldovan state. Or, the cynic policy says that the state exists above all to collect taxes, not to generously pardon fiscal debts.

9. BORDER, MIGRATION AND TRAFFICKING IN HUMAN BEINGS

Cooperation between border management agencies

- The Annual Report of the EU Border Assistance Mission (EUBAM) for 2007 and actions taken in January and February were presented at the 9th EUBAM Advisory Board Meeting in Odessa on March 11, 2008. The report described progress made in cooperation with partner authorities, particularly in terms of risk analysis and information exchange, as well as problems faced by EUBAM. It also mentioned training sessions and equipment held and delivered within BOMOLUK 1 Project that completed its first round in December 2007. Priorities for this year and key activities of the ongoing project BOMOLUK 2 (opening a regional training centre in Kotovsk, improving the infrastructure of the Moldovan border, supplying equipment and organising study visits) were also presented¹⁵⁵;
- The report on EUBAM activity for March-May 2008 was examined at the 10th EUBAM Advisory Board Meeting on June 27, 2008. In particular, it presented findings of the joint border control operation FOCUS 2 implemented by competent agencies from Moldova and Ukraine with the support of EUBAM and European agencies FRONTEX, OLAF and SECI Center. Hundreds of restraints for illegal activities at the border such as smuggling, illegal migration and violation of customs regulations were operated during the operation. Many illegal migration networks and *modus operandi* were discovered during the operation. At the same time, the report revealed acute problems such as corruption in both countries¹⁵⁶;
- The Collegial Council of the Customs Service has discussed key aspects of cooperation with EUBAM and welcomed progress made to reorganise the customs system and the Mission support in controlling and certifying the origin of goods in compliance with European standards and exchanging information with the Ukrainian Customs Service¹⁵⁷;
- A delegation representing the Subcommittee of Security and Defence of the European Parliament has visited Moldovan customs stations and discussed with Customs Service representatives the cooperation with EUBAM in terms of improving the customs control and simplifying customs procedures.¹⁵⁸ The subcommittee monitors various EU missions to different countries and deploys delegates to control the functioning of these missions;
- Spokespersons of the Border Guard and Customs Services of Moldova and Ukraine participated in a public relations training session organised by EUBAM in Odessa on June 5-6, 2008. Participants were trained to use modern public information techniques on border crossing rules. The training anticipates the development project on common communication strategy of the four agencies from both countries.¹⁵⁹

Migration evaluation and monitoring

- The temporary placement centre for illegal migrants controlled by the Bureau of Migration and Asylum (Ministry of Internal Affairs) opened on March 4, 2008 as part of the project "Consolidating migration management in Belarus and Moldova MIGRABEL-MIGRAMOL" implemented by the International Organisation for Migration jointly with the Ministry of Internal Affairs and funded by the European Commission and Foreign Ministry of Finland. The Centre is an important step forward controlling migration inflows. It can hosts 120 persons¹⁶⁰;
- The Border Guard Service jointly with the Ministry of Information Development is implementing the new biometric passport control system which allows a rapid registration of documents of persons crossing the border, as well as ensures more security for these documents. Biometrical passports and other documents containing electronic information were introduced in Moldova on February 1, 2008 and they are used in parallel with usual documents¹⁶¹;
- On March 31, 2008 the National Bureau for Statistics published the Report on Stable Population of Moldova, which says that more than 148,000 Moldovans were abroad on January 1, 2008. The bureau collected the statistics from state registers of population and health record registers. The report does not cover the Transnistrian region. The real number of Moldovans who are abroad is higher, as the report covers only periods when many migrant workers come back home for holidays¹⁶²;

¹⁵⁵ 9th EUBAM Advisory Board Meeting, 11.03.2008, www.eubam.org;

¹⁵⁶ 10th Advisory Board Meeting, 27.06.2008;

¹⁵⁷ The Customs Service Collegial Council examined aspects of cooperation with EUBAM, 14 March, 2008;

¹⁵⁸ A delegation from the European Parliament on visit to the Customs Service, 20 March 2008;

¹⁵⁹ How to inform public better?, 06.06.2008, www.eubam.org;

¹⁶⁰ Better conditions for illegal migrants from Moldova, 03.04.2008, www.mai.md;

¹⁶¹ The Border Guard Service implements a new passport control system, 28.03.08, http://www.border.gov.md/index_m.htm;

¹⁶² More than 148,000 Moldovans are abroad, 01.04.2008, <http://www.presa.md>, according to Basa-press;

- On June 27, 2008 the Government approved the Action Plan on consolidating migration and asylum management in Moldova for 2008-2009, expected to build an integrated automatic information system on migration and asylum, promote the mobility partnership and readmission agreement with the European Union, as well as to consolidate the national asylum system.

International cooperation

- The Joint Statement on EU-Moldova Mobility Partnership was signed at the meeting of the Justice and Home Affairs Council in Luxembourg on June 5, 2008. The statement is a pilot instrument (signed with the Republic of Moldova and Cape Verde) aimed to ensure a better migration management, in particular, to help combating illegal migration so that to serve interests of EU, partner countries and migrants. The document is a political intention statement with concrete initiatives such as improving migration benefits for development, reducing negative effects of labour migration, especially of highly qualified persons, facilitating migration, comeback and reintegration of migrants.¹⁶³
- A delegation led by director of the Russian Federal Service for Migration Constantin Romondanovski visited Moldova in April 2008 to consider possibilities of implementing joint migration record projects such as building a common database to help legalising migrants from both countries and ensuring an adequate social protection for them. The sides have also tackled the opportunity to sign bilateral agreements that would complete the existing legal framework.¹⁶⁴
- The Moldovan-Ukrainian border demarcation commission finished its works on March 6, 2008 and it is due to demark border lines in four locations disputed after the collapse of the Soviet Union.¹⁶⁵ Meantime, Ukrainian and Moldovan foreign ministers formulated a joint letter to the European Union seeking assistance for delimiting the common border.¹⁶⁶
- On May 28, 2008 Deputy Minister of Foreign Affairs and European Integration of Moldova Valeriu Ostalep was on a working visit to Bucharest, being invited by Romania to discuss with his counterpart, State Secretary Raduta Matache. According to press services of the two ministries, the officials discussed perspectives to advance negotiations on draft border treaty. Foreign Minister Lazar Comanescu paid an official visit to Moldova on June 7, at the invitation of his counterpart Andrei Stratan. The signing of the border agreement is a condition of Moldova to sign the Convention on small cross-border traffic with Romania.
- On May 22-23, 2008 Riga hosted a workshop on legal practice in the area of illegal migration and a Moldovan delegation made of SCJ and Border Guard Service representatives attended it. The workshop aimed to encourage the exchange of experience and common analysis of latest developments in the field, in particular concerning readmission agreements, international legal cooperation, minimum standards in monitoring illegal migration and ensuring rights of irregular migrants.¹⁶⁷

Harmonization of internal legislation with European norms

- Provisions on immigration rate of the Law on migration were modified on April 11, 2008. While the immigration quota was maximum 0.05 percent until now, the Government will further establish the immigration rate of the country every year after consulting the Ministry of Economy and Trade and Ministry of Internal Affairs and this rate will cover only migrants for labour purpose. This way, authorities expect foreign investments and new jobs in Moldova.
- The Parliament is considering a draft Law on labour migration. The draft explains the labour migration as a voluntary departure of Moldovan citizens to other countries and voluntary arrival of foreigners and stateless people in Moldova for temporary work purposes. The law will regulate temporary work of immigrant workers, conditions to issue, extend and revoke the right to work and temporary stay for labour purpose, as well as conditions for temporary employment of Moldovans abroad.
- The Parliament has modified the legislation of Moldova to implement the one-stop-shop principle at border crossing stations by entrusting all related procedures to the Customs Service and Border Guard Service. This modification aims to facilitate border crossing procedures, save funds and time needed to carry out commercial operations.¹⁶⁸
- The Parliament is examining a draft Law on the legal status of adoption, which aims to develop the regulatory framework in the area. Under new regulations, priority will be awarded to national adoptions

¹⁶³ Joint Statement on Moldova-EU Mobility Partnership, 6 June 2008, <http://www.mai.gov.md/stirile-min-ro/207910>;

¹⁶⁴ Prime minister met Mr. Konstantin Romodanovschi, director of the Russian Federal Service for Migration, 10.04.2008, <http://www.gov.md>;

¹⁶⁵ Infotag, 07.03.2008;

¹⁶⁶ Moldpres, 14.04.2008;

¹⁶⁷ Communication on workshop, Riga, 22-23 May 2008, <http://soderkoping.org.ua/page16929.html>;

¹⁶⁸ Joint newsletter, issue 4, May 2008, www.eubam.org;

and international adoptions will be operated via specialised organisations certified with the Ministry of Justice.

- The Law on transplantation of human organs, tissues and cells was adopted on March 6, 2008, setting up a legal framework regulating the transplantation of all human organs, tissues and cells, except for reproductive organs, tissues, cells and embryonic and foetal organs, blood and blood derivatives. A Transplantation Agency will be established; it will be coordinated by the Ministry of Health and funded from the state budget.

Visa facilitation policies

- The first meeting of the EU-Moldova Commission on management of the visa facilitation agreement took place on April 11, 2008. Before the meeting, Moldovan Foreign Minister Andrei Stratan said that every EU member state will have to undergo certain internal procedures, so that to fully benefit by a liberalised visa regime. Stratan noted that BENELUX states have agreed to authorise Moldovan holders of service passports to travel without visa¹⁶⁹;
- During Moldovan-Croatian consular consultations in Zagreb on April 15 Croatia expressed its desire to sign a visa facilitation agreement with Moldova. Other topics were the possibility of Croatia to join the Common Visa Application Centre and cooperate and share experience in migration area¹⁷⁰;
- The Swiss Federal Department of Foreign Affairs will consider the possibility to join the Common Visa Application Centre, as Switzerland has plans to join the Schengen area on November 1, 2008,¹⁷¹ an intention confirmed during a visit by Moldovan Foreign Minister Andrei Stratan to Switzerland.¹⁷² During that visit the Swiss side gave green light to Moldova's proposal to examine the draft Moldovan-Swiss visa facilitation agreement for Moldovan citizens;
- Slovakian Foreign Minister Jan Kubis has delivered a similar statement while on a visit to Moldova¹⁷³;
- Belgian Ambassador in Bucharest Philippe Roland has told a meeting with Moldovan Foreign Minister Andrei Stratan that Belgian authorities completed the procedures required to join the Common Visa Application Centre this summer¹⁷⁴;
- During Moldovan-Dutch consultations Moldova's deputy foreign minister invited the Netherlands to join the Common Visa Application Centre (CVAC)¹⁷⁵;
- Former Hungarian ambassador in Chisinau Mihaly Bayer has earlier told that authorities were negotiating with Cyprus, Norway and Luxembourg to join the CVAC,¹⁷⁶ and new Hungarian Ambassador Gyorgy Varga has confirmed the intentions of Belgium, Norway and Slovakia to join the CVAC.¹⁷⁷ Building works to enlarge the Common Visa Application Centre is also a confirmation in this regard.¹⁷⁸ The centre issues Swedish visas as well starting April 7¹⁷⁹;
- Greece has plans to open an embassy to Moldova, Greek President Karolos Papoulias has told Moldovan Ambassador to Greece Ion Ursu¹⁸⁰;
- The Bucharest-based Italian ambassador to Moldova, Daniele Mancini, told a meeting with Moldovan prime minister on April 29, 2008 that Italy will open a diplomatic mission in Chisinau on October 1, 2008.¹⁸¹

Trafficking in human beings: trends

- On June 4, 2008 the U.S. Department of State released the report on trafficking in persons 2008, including Moldova in the 3rd category of countries which does not respect minimum standards to combat the trafficking and did not work hard for this purpose in the reported period. The report signals among major shortcomings the lack of progress in investigating complicity of governmental officials in trafficking, insufficient actions to protect victims of trafficking in human beings. Given this rating, the U.S. Government could limit its assistance to Moldova, inclusively via the Millennium Challenge Account, as well as by opposing to assistance of international financial institutions;

¹⁶⁹ First sitting of the joint committee for the management of the visa facilitation agreement between Republic of Moldova and European Community, 11.04.2008, <http://www.mfa.gov.md/noutati/2479>;

¹⁷⁰ Press release by Reporter.md, Agency, 15.04.2008;

¹⁷¹ Press release by IPN Agency, 05.03.2008;

¹⁷² Press release by Moldpres Agency, 6 June 2008;

¹⁷³ Press releases by Moldpres, Infotag Agencies, 07.04.2008;

¹⁷⁴ Reporter.md, 25 April 2008;

¹⁷⁵ Infotag, 28 May 2008;

¹⁷⁶ Press releases by Moldpres, 18 March 2008; IPN, 26-27 March 2008;

¹⁷⁷ Press releases by Moldpres, 4- 5 June 2008;

¹⁷⁸ IPN, 27 March 2008; Moldpres, 5 June 2008;

¹⁷⁹ IPN, 26, 27 March 2008;

¹⁸⁰ Reporter.md, 23 April 2008;

¹⁸¹ Reporter.md, 30 April, 4 June 2008;

- In order to reply to the U.S. Department of State Report, the Government of Moldova is working out a report on efforts to combat the trafficking in human beings. According to a first reaction by Deputy Prime Minister Victor Stepaniuc, developers of the U.S. report were not well-informed regarding situation in the trafficking area and they rather relied on media or NGO reports which are often subjective or wrong. The reassessment of situation in this field is proposed with the hope to maintain cooperation with U.S. authorities and technical assistance for Moldova¹⁸²;
- The Prosecutor-General's Office has released a study concerning the respect for the legislation on child's rights in 2007, which says that about 50,000 children in Moldova live with one parent only and about 25,000 without both parents who are abroad. It was established that many of these children do not attend the school, quit their incomplete families and become "street children", victims of violence, abuse and trafficking in children¹⁸³;
- Moldovan experts in the field of adoption shared experience with fellows from other countries at a siminar organised by UNICEF and MPSFC on April 21-23, 2008. Many participants called for a limited number of international adoptions, fearing about trafficking in children and organs¹⁸⁴;
- At a conference on June 17, 2008 UNICEF released the report "Violence and trafficking in human beings – consequences of unequal genders in society", saying that the child violence is a hidden, unknown and underrated problem. It noted that distrust towards authorities, precary legal system, fear of children to signal violence they face, and the fact that people accept violent methods to discipline children are the main causes of this situation.¹⁸⁵

Preventing THB and assisting victims

- On March 27, 2008 a 23-year-old girl was sentenced to a 6.7-year detention term on human trafficking charges¹⁸⁶;
- The Supreme Court of Justice has sentenced two women accused of trafficking in human beings to a 12 year and 10 year jail term.¹⁸⁷ They will also have to pay a fine (400 conventional units);
- According to reports, most women held in Penitentiary 7 in Rusca were sentenced for trafficking in human beings¹⁸⁸;
- The Chisinau Court of Appeal has sentenced members of the criminal group led by Alexandru Covali (alias „Salun”) who acted in Moldova, Romania, and Ukraine, directing an ample network of traffickers in human beings, children and pimps.¹⁸⁹
- At the same time, the Prosecutor-General's Office has filed criminal cases against former employees of the Ministry of Internal Affairs who worked in subdivisions in charge with combating trafficking in human beings and protected this criminal channel. It is investigating pecuniary benefits raised by former MIA employees to protect the criminal group concerned. This case is being investigated by the Anti-Corruption Prosecutor's Office jointly with the Centre for Combating Economic Crimes and Corruption.¹⁹⁰
- A Memorandum of Understanding between the International Organisation for Migration, Ministry of Internal Affairs, Prosecutor-General's Office, MSPFC, Centre for the Prevention of Trafficking in Women and La Strada was signed on May 23, 2008. The document aims to set up a framework on cooperation between public authorities/law enforcement bodies, civil society and international community in preventing and combating trafficking in persons by assisting victims and potential victims.¹⁹¹
- A British national was accused of sexual relations with teenagers from Moldova. According to the Centre for Combating Trafficking in Persons, the British national was renting an apartment in Botanica district of the capital, was luring boys he got acquainted to online, inviting them at home by using different methods and abused them there.¹⁹²

Coordinating actions and combating human trafficking

¹⁸² Infotag, 6 June 2008;

¹⁸³ Prosecutor-General's Office analysed the respect for legislation on child rights in 2007, www.procuratura.md;

¹⁸⁴ IPN, 21 April 2008, Azi.md, 21 April 2008;

¹⁸⁵ MSPFC, Press release from 17 June 2008, <http://mpsfc.gov.md/md/comunicate/2794/1/3375>;

¹⁸⁶ 23-year-old girl sentenced for trafficking in human beings, 2008-03-27, <http://www.procuratura.md/md/news/1211/1/2395>;

¹⁸⁷ Under a SCJ decision, A.Babcinscaia and V.Nejel were sentenced for trafficking in human beings, <http://www.procuratura.md/md/arch>;

¹⁸⁸ Basa-press, 27.03.2008;

¹⁸⁹ Press release on „Salun” Trial by Prosecutor's Office, 2008-05-23, <http://www.procuratura.md/md/news/1211/1/2433>;

¹⁹⁰ Prosecutor-General's Office press release from 20.06.2008;

¹⁹¹ Partnership between IOM, public authorities and NGOs strengthened in the field of combating trafficking in human beings, <http://www.iom.md>;

¹⁹² News on www.azi.md, 17 June, (according to Deca-press);

- On March 26, 2008 the Government appointed members of the National Committee for the struggle against trafficking in human beings led by Deputy Premier Victor Stepaniuc, which will be in charge with implementing the National Action Plan on the prevention and combat of trafficking in persons for 2008-2009, approved at the same governmental sitting. The work of the committee is non-transparent so far, as its meetings are inaccessible to nongovernmental active players in the area.
- Technical coordinating meetings (TCM) held by OSCE in Chisinau and regions every month are an important activity to coordinate actions by players in the human trafficking area.¹⁹³ It is worth to note that sittings of this forum are co-chaired by the Ministry of Social Protection, Family and Child and this facilitates the reciprocal systematic information between governmental and nongovernmental actors and opens the way to new cooperation.
- The Republic of Moldova and the United States signed on May 22, 2008 the 8th amendment to the Agreement Letter, thus extending the technical and material assistance framework by U.S. Government to law enforcement bodies of Moldova, much of which will go to the Centre for Combating Trafficking in Persons¹⁹⁴;
- The administration of the Chisinau International Airport jointly with the Ministry of Internal Affairs and representatives of airlines will work out principles of cooperation against trafficking in human beings¹⁹⁵;
- The U.S. Embassy in Chisinau organised a Euroasiatic regional conference on combating child exploitation on March 10-12, 2008, at the invitation of the U.S. Justice Department and Department of State. It was noted during the conference that the massive migration and poverty encourage the sexual exploitation of children¹⁹⁶;
- Spokespersons of law enforcement institutions (Ministry of Internal Affairs, Prosecutor-General's Office, Border Guard Service, Customs Service, Centre for Combating Economic Crimes and Corruption) participated in a training session organised by the Federal Bureau of Investigation (FBI) of the U.S. Government on April 7-10, 2008 at the Centre for Combating Trafficking in Persons. Participants learned media strategies and communication techniques against trafficking in human beings¹⁹⁷;
- On May 14, 2008 in Brussels, EU Special Representative to Moldova Kalman Mizsei and Marianne Mikko, chairperson of the EU-Moldova Parliamentary Committee, hosted a roundtable themed "Combating trafficking in human beings: cooperation between Parliament and NGOs. Current situation on both banks of the Dniester". The purpose of the event was rather to help bringing closer the two banks via parliaments of Moldova and self-proclaimed Transnistrian republic¹⁹⁸;
- EUBAM jointly with the Centre for the Struggle against Trafficking in Persons organised on June 2, 2008 an international workshop on trafficking in human beings, with the participation of representatives of specialised bodies from Moldova, Ukraine, Romania, Hungary and Slovakia, as well as of FRONTEX, International Organisation for Migration and SECI Centre. The workshop aimed to stir up international cooperation between agencies in preventing illegal migration involving human trafficking. It focussed on usual methods, migrational routes and aspects of cooperation in investigation process¹⁹⁹;
- On June 23-24, 2008, high-ranking representatives of Moldovan law enforcement bodies attended an EUBAM-held workshop on combating cross-border organised crime, discussing cases, methods of organised criminal groups, and strategies to combat them²⁰⁰;
- In the same period, Chisinau has hosted a seminar on struggle against trafficking in human beings; EU experts attended it via the TAIEX instrument. Participants studied experience of origin and destination countries and ways to follow positive practices.

¹⁹³ Report by OSCE Mission, <http://www.osce.org/moldova/13429.html>;

¹⁹⁴ Press release by U.S. Embassy to Moldova, 22.05.2008, <http://moldova.usembassy.gov/052208.html>;

¹⁹⁵ Chisinau International Airport will take actions to combat trafficking in human beings, 12.03.2008, <http://info-prim.md/?a=10&nD=2008/03/12&ay=13661>, <http://www.atnet.md/annonceview.php?!=ro&id=39>, <http://www.airport.md/news-md/69>;

¹⁹⁶ Press release by U.S. Embassy to Moldova, 13.03.2008, <http://moldova.usembassy.gov/031308.html>;

¹⁹⁷ Communication by Reporter.md Agency, 11.04.2008;

¹⁹⁸ Press release by Moldovan Parliament, 14.05.2008; http://consilium.europa.eu/uedocs/cmsUpload/080516-Moldova_roundtable.pdf;

¹⁹⁹ Workshop on Trafficking in Human Beings organised by EUBAM, 02.06.2008, www.eubam.org;

²⁰⁰ Workshop on fighting cross-border organised crime, 23.06.2008, www.eubam.org;

ABOUT PROJECT AND ORGANISATIONS

This report is published as part of the project "*EU – Moldova Relations – Improving Public Information and Debate on Key Developments*". The project is implemented by two non-governmental organisations: ADEPT and EXPERT-GROUP, and it is funded 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 Ministry of Foreign Affairs and European Integration, the National Commission for European Integration and other central public authorities play a key role in implementing these reforms and priorities. And the civil society, too, plays an important role both in promoting reforms in society and in monitoring the implementation process.

Under these circumstances, the project is designed to create a wide and open framework to continue the promotion of wide public debates in society regarding advantages of the European integration of Moldova. It bears therefore two objectives:

Objective 1: Monitoring evolutions in the EU-Moldova relations and conducting a relevant analysis.

Objective 2: Enhancing awareness and improving knowledge about major political developments in the Moldova-EU dialogue.

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

EXPERT-GRUP is an independent think tank that acts in the Republic of Moldova. Being a non-government 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.