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**Implementation of reforms initiated accordingly to the EU-Moldova Action
Plan,**

Assessment of progress made in July-September 2008

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***„Moldova-EU Relations: Improving Public Information and
Debate on Key Developments”***

***Implemented by Association for Participatory Democracy ADEPT and
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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

BGS – Border Guard Service;

CCECC – Centre for Combating Economic Crimes and Corruption;

CCTP – Centre for Combating Trafficking in Persons;

CEC – Central Electoral Commission;

CHRM – Centre for Human Rights of Moldova;

CIS – Commonwealth of Independent States;

CoE – Council of Europe;

CPA Reform – Central Public Administration Reform;

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;

IOM – International Organization for Migration;

LPA Reform – Local Public Administration Reform;

MET – Ministry of Economy and Trade;

MFAEI – Ministry of Foreign Affairs and European Integration;

MIA – Ministry of Internal Affairs;

MID – Ministry of Information Development;

MJ – Ministry of Justice;

MLPA – Ministry of Local Public Administration;

MSPFC – Ministry of Social Protection, Family and Child;

NBM – National Bank of Moldova;

NBMi - National Bureau for Migration;

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

NCEI – National Commission for European Integration;

NHRAP – National Human Rights Action Plan;

OSCE – Organization for Security and Cooperation in Europe;

PACE – Parliamentary Assembly of the Council of Europe;

PCA – Partnership and Cooperation Agreement;

PGO – Prosecutor-General’s Office;

RM – Republic of Moldova;

SCJ – Supreme Court of Justice;

SCM – Superior Council of Magistracy;

SPSEE – Stability Pact for Southern Eastern Europe;

THB – Trafficking in Human Beings;

UNFPA – United Nations Population Fund;

USD – U.S. dollar;

The expiration of the European Union – Moldova Action Plan (EUMAP) and the Partnership and Cooperation Agreement (PCA) between the EU and the Republic of Moldova opens a new round of bilateral relations: the preparation, negotiation and adoption of a new agreement. From the EU perspective, new relations with the Republic of Moldova and other countries are regarded in the light of the December 5, 2007 Communication from the European Commission to the European Parliament „*A Strong European Neighbourhood Policy*”. The document concerned besides the verbal confirmation 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 tool of cooperation with Moldova until the potential of this document is explored completely.

Despite Moldova’s progress in implementing the EUMAP noted by high-ranking European officials and particularly stressed in the Country Report on Moldova released on April 3, 2008, the major problem is so far the imperfect enforcement of the legislation adjusted to EUMAP requirements additionally to chronic shortcomings in a number of very sensitive fields such as the judicial reform and independence; the protection of human rights; freedom of the media, particularly of public audiovisual; autonomy and efficiency of local public administration; investment climate etc.

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 signaled in the Progress Report by the European Commission. From this perspective, *Priorities for 2008* represents a small action plan with formulated goals, actions needed to be implemented; institutions in charge with the implementation, and clear terms. As guarantees for the constant effort focused on the invoked directions are: the “new format of the National Commission for European Integration headed now by Moldova’s President, and the new Government of the Republic of Moldova.” According to the document concerned, “the National Commission is decided to ensure the correlation between European integration priorities, internal strategic framework and allocation of adequate funding for these priorities,” and it will “hear implementation reports monthly” in order to regularly monitor governmental procedures.

Although the *European Integration Agenda* stipulates to approach problems signaled in the Country Report by the European Commission according to the Commission’s expectations and the EUMAP implementation practices, the way how the National Commission for European Integration was constituted and its composition raised confusion, particularly in connection with the unexplained non-inclusion of the Parliament Chairman and representatives of civic organizations which have been part of this commission. In this context and in order to fill the absence of civic organizations in the National Commission, the project „**Moldova-EU Relations: Improving the Public Information and Debate on Key Evolutions**” is implemented with the financial support of the SOROS-Moldova Foundation. The project aims at monitoring the fulfillment of priorities of the *European Integration Agenda* and a series of adjacent evolutions. 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.

Political dialogue and democratic institutions

The dialogue between the Republic of Moldova and the European Union was rather diffident, particularly on behalf of the European Community, which has repeatedly notified Moldovan authorities over the degrading democracy and freedom of expression in the country. Even more, the European Community is concerned with latest amendments to the Electoral Code, which raise the electoral threshold, prohibit the electoral blocs and the appointment of persons holding dual citizenship to public offices. Key progresses were related to the opening of informal negotiations on the future Moldova-EU legal framework, launching of the Cooperation Platform of the EU-Moldova Mobility Partnership and the twinning project for the Parliament of Moldova.

Moderate progresses were observed in the area of democratic institutions, but some previously signalled problems have also deepened. Moderate achievements include the consolidation of legislation on children's rights, employees and inmates, actions taken by authorities to improve detention conditions, development of the dialogue between authorities and civil society, and decreasing number of condemnations in the ECHR compared to other monitored periods. Major observed problems are as follows: the continued violation of human rights (freedom of expression, right to be informed, right to a fair trial, right to property etc.), the imperfect enforcement of the legislation on human rights, the degrading conditions of media and the limited access to information, the delayed adoption and enforcement of many laws in this area, the incoherent reforms.

Consolidation of administrative capacity

Authorities have satisfactorily dealt with natural calamities, cooperation between central and local authorities was successful, but conflicts with local administrations controlled by opposition parties continue to halt the raising of administrative effectiveness. Statements related to optimising and professionalising approaches concerning the European Integration Agenda are rhetorical so far; changes in the composition of the National Commission for European Integration, formation of its secretariat and establishing priorities for 2008 did not lead to a well-done, efficient and transparent process of implementation of actions recommended by community bodies, civil society organizations and independent experts. Reports on implementing priorities of the Agenda just reconfirm previous actions or confirm the adoption of some laws and other normative acts, without estimating their real impact in sensible areas. The triumphal reporting on implementation of the CPA Reform was replaced by findings that a similar term (2-3 years) is needed to implement formal measures. Even reports on implementation of the CPA Reform are dosed, and less attention is granted to the popularization of reform. The situation in the LPA area has stagnated; strategic approaches relating to the reformation are absent so far, while an excessive politicizing, abusive interventions or preferential treatments by central authorities continue to be recorded. Transparency of the Government and central authorities did not grow, and the opening towards the public has even decreased. Although anti-corruption efforts have intensified, their effect is very weak and they do not enhance definitively the confidence towards law enforcement bodies and authorities in general.

Transnistrian conflict

Efforts to resume the "5+2" negotiation process have failed. The Russian-Georgian war and its consequence – the recognition of the independence of Abkhazia and South Ossetia by Russia, a mediator and peacekeeper in separatist conflicts in Georgia – have influenced the Transnistrian settlement process in the period concerned. After the August 2008 Russian-Georgian war, the Russian Federation has made steps to reduce the importance of the "5+2" negotiation format. For this purpose, President Medvedev called for a "2+1" format to make decisions and confirm them further, and legalize them in the "5+2" format. Moldovan authorities maintained their option for the "5+2" format. Except for Russia, other mediators and observers to the negotiation format, the OSCE, the U.S., the EU and Ukraine, have backed this option. In this context, Moldovan authorities reconfirmed on various occasions the principles worked out over last years in a move to settle the Transnistrian conflict.

Justice

Although declared priorities captured a special attention, reforms in the area of justice continued to be imperfectly implemented. Transparency of the justice-making process has increased, but so far there are concerns with the delayed examination of cases, corruption; limited judicial independence, political meddling. Efforts to boost funding to courts are ineffective; higher salaries and number of judges are not promoted, the number of auxiliary personnel did not grow and its remuneration is deplorable so far. Efforts to implement alternative measures are supported by international institutions and civil society organizations, while state resources for this purpose are minor.

Economic development and reforms

Evolutions in the 3rd quarter of the year were influenced by the July-August flooding, which challenged unplanned expenses to the state budget and limited possibilities to fund other sectors and priorities. However, given the pre-electoral year, the Government has decided to increase salaries of some categories of budgetary employees, social allocations and certain compensations. Good weather last summer besides the NBM interventions in the first half of the year reduced inflation, which could be a one-digit rate at the end of this year, according to authorities and IMF representatives. This time, the NBM has lowered the basic rate on main short-term monetary policy operations and the mandatory reserve norm for means attracted by commercial banks. At the same time, the international financial crisis endangers the Moldovan economy due to the excessive dependence on remittances by Moldovans working abroad.

Social development and reforms

Despite important progress made in the area of social protection and integration and healthcare in the period concerned, the number of shortcomings and involutions was higher. Although the legal framework on gender equity was approved in 2006, a mechanism to apply it was not approved so far. At the same time, the delay to approve the law on health and safety at workplace has slowed down the implementation of its regulations, which will enter into force just in January 2009. Low social indemnities compared with real needs of vulnerable categories are an acute problem so far.

International trade

Evolutions in the foreign trade area continued to be equivocal. On the one hand, Moldovan exporters fully use the Autonomous Trade Preferences in certain sectors. Wine and sugar shares are almost over. On the other hand, the progress is obstructed by slow adjustment of Moldovan sanitary and phytosanitary norms to community regulations and, in consequence, some companies cannot enjoy these preferences. The adjustment process has accelerated, but the enforcement of these norms is not ensured appropriately. At the same time, the trade deficit continues to grow rapidly, being fuelled by a robust internal demand. However, the export growth rate is pretty high and the European Union has strengthened its leading position as export destination for Moldova. In the customs sector, the one-stop-shop implementation process is almost finished, but international reports are reserved so far regarding progresses made by Moldova to reduce foreign trade barriers.

Business climate

Some progress was observed in the business climate in the 3rd quarter of this year. In particular, the Government has decided to implement the one-stop-shop principle in the Licensing Chamber, but its application faces the resistance of some authorities and institutions in charge with regulation and control, and technical problems. The creation of the Transport Agency as a single transport regulator is another progress. Nevertheless, the new structure shall get rid of conflicts of interest, which have eroded the activity of the Ministry of Transport and the State Administration of Civil Aviation, two authorities which merged into the new agency. At the same time, the progress was darkened by some corporate and property-related scandals, which could bring Moldova in front of the European Court of Human Rights. Moldova's relative rankings in The Doing Business 2009 have worsened again, inclusively because some reforms implemented in 2008 have not captured the attention of experts for methodological reasons, and the rating was based on their assessments. The doubtful economic development policy on the basis of free economic zones continued with the opening of the Free International Airport Marculesti.

Border, migration and trafficking in human beings

Institutional and international cooperation between border and migration management agencies is developing well, and there are some progresses. But so far, the migration remains the major cause of the demographic decline and actions by authorities did not produce clear results. Steps to simplify visa regimes have brought some positive changes (the visa-free transit via Romania and Bulgaria), but the visa-free travel or a simplified visa regime is a desideratum in continuation. There are more active actions against trafficking in human beings, but politico-administrative and legal measures do not prevent this persistent phenomenon.

Political dialogue: overall assessments

- On July 8, 2008, Chisinau hosted the first round of informal expert consultations on the new Moldova-EU Legal Framework, with the participation of European Commission representatives. The participants exchanged opinions about general principles and objectives of the new agreement.
- On July 17, 2008, 9 EU ambassadors (Austria, Czech Republic, France, Germany, Lithuania, Poland, Romania and United Kingdom) along with the European Commission Delegation and EU special representative to Moldova released a joint statement on democracy and freedom of expression in Moldova. The declaration raises the concern of ambassadors with latest political developments and evolutions in the media sector, which could jeopardize free, fair and democratic parliamentary elections in 2009, in particular, the actions by law enforcement bodies against the media, limited editorial independence of the public broadcaster Teleradio Moldova, the intensified police harassment against opposition parties and their supporters, the rise of electoral threshold, the ban of pre-electoral alliances and the interdiction against holders of multiple citizenships to run elective offices. European ambassadors invited Moldovan authorities to deliver the Electoral Code to the Council of Europe and OSCE expertise as soon as possible and to respect all their recommendations on electoral threshold, electoral blocs and effective exercising of the right to be elected by all citizens. At the same time, the embassies expressed readiness to cooperate with Moldovan authorities in order to ensure the freedom of expression and organize well the 2009 legislative elections.
- Brussels hosted the Meeting of the EU-Moldova Committee for Policy and Security (CPS) Troika on September 17, 2008. Topics tackled at the meeting were linked to recent evolutions in the Transnistrian settlement process, results of the EU Border Assistance Mission (EUBAM) to Moldova and Ukraine, and Moldova's evolutions in the European integration process. In particular, EU representatives reconfirmed the EU support for restarting the „5+2” Transnistrian settlement negotiations, with the condition to respect the territorial integrity and sovereignty of Moldova. Also, the sides discussed advantages of consolidating and extending the EUBAM mandate.
- The first twinning project “Support to the Parliament of the Republic of Moldova” funded by the European Commission was launched on September 17, 2008. It will assist the reorganization of the Parliament Apparatus, consolidate the capacity of the legislature in harmonizing the Moldovan legislation to community standards, and strengthen the parliamentary control on the Government and train legislators and functionaries to assess the impact of adopted laws.
- On September 23, 2008, Chisinau held the meeting for the launching of the Cooperation Platform of the EU-Moldova Mobility Partnership, with the participation of representatives of the European Commission, EU member states participating in the Mobility Partnership and Moldova.¹ During the meeting, Deputy Minister of Foreign Affairs and European Integration Valeriu Ostalep highlighted Moldova's priorities within the Mobility Partnership:
 - Strengthening relations with the Moldovan Diaspora;
 - Promoting the reintegration of migrants;
 - Consolidating the institutional capacity in the migration management area;
 - Providing social protection to nationals working abroad;
 - Combating the illegal migration and trafficking in human beings.
- Chisinau hosted on September 24, 2008 the 8th Meeting of the EU-Moldova Cooperation Subcommittee 3 „Customs, cross-border cooperation, money laundering, drugs, illegal migration”. Talks between the sides focused on Moldova's evolutions in various fields of competence of the subcommittee: judicial reform, human rights and fundamental freedoms, combating corruption, migration and asylum, border management including cooperation with EUBAM, implementation of the visa facilitation and readmission agreements, combating the organized crime, cooperation in the area of rule of law and police.

Democratic Institutions

Electoral Process

Progress:

- The Central Electoral Commission has approved the strategy on training electoral functionaries and civic education of electors for 2008-2013.² The strategy aims at a good organization and conduct of elections, with respect for European electoral standards after training professional electoral functionaries able to meet citizens' requirements and expectations, to act ethically and transparently and actively promote the electoral system reform.

Shortcomings and problems:

- Representatives of EU member states and European institutions in Chisinau, as well as the Council of Europe have raised concerns with amendments to the Electoral Code, in particular, raising of the electoral threshold up to 6 percent, ban of electoral blocs, prohibition on holders of dual citizenship to run public offices,

¹ The EU-Moldova Mobility Partnership was signed on June 5, 2008 in Luxembourg during the meeting of the EU Justice and Home Affairs Council. The EU-Moldova Mobility Partnership aims to consolidate the EU-Moldova cooperation in managing illegal migration, combating and preventing illegal migration and trafficking in human beings. The EU member states participating in the Partnership via various projects afferent to the migration policy are: Bulgaria, Czech Republic, Cyprus, France, Germany, Greece, Italy, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden, Hungary.

² CEC decision # 1765 from 08.07.2008

inclusively to become members of the Parliament, stating that they breach the international legislation.³ In addition, European officials signaled intensified harassment of political parties or their supporters by state bodies.

- The actions taken by some state bodies against leaders of opposition parties (V.Filat, N.Andronic) were qualified by them as political actions by authorities aimed at personal suppression of leaders and their political parties before the 2009 parliamentary elections.⁴

Human rights

Progress:

- Recommendations on maintaining the public order during organisation and conduct of meetings were approved under an internal MIA order.

Shortcomings and problems:

- The police do not always respect the law on public assembly. There were cases when policemen obstructed public meetings near public institutions and intimidated protesters.⁵
- The European Court of Human Rights (ECHR) passed 10 decisions vs. Moldova in July-September 2008: *Flux (No. 5) vs. Moldova, Flux (No. 6) vs. Moldova, Salinschi vs. Moldova, Prepelita vs. Moldova, Kireev vs. Moldova and Russia, Racu vs. Moldova and Russia, Fionat vs. Moldova, Buimistru and other 9 vs. Moldova, Nanaseva and others vs. Moldova, Salinschi vs. Moldova, Perelighin and others vs. Moldova*.⁶ Applicants claimed the violation of freedom of expression, rights to a fair trial, effective recourse, and protection of property. In three cases the Court ordered the erasing of applications from its agenda, following the signing of amicable resolution agreements between Moldovan Government and applicants, while in another two cases the ECHR sentenced Moldova and ordered it to cover damages and expenses of applicants. Moldova will have to pay about 69,150 Euros (about 923,000 lei) in the five cases.⁷ As well, the ECHR turned down an application by Moldovan Government to resend to the Grand Chamber of the ECHR the February 12, 2008 ECHR decision on the case *Oferta Plus SRL vs. Moldova*. Therefore, the February 12, 2008 ECHR decision which obliged Moldova to pay the equivalent to 2,535,104 Euros to *Oferta Plus SRL* by October 7, 2008 is effective in continuation. As regards the other cases pronounced in July-September 2008, the applications were either turned down as groundless or inadmissible accordingly to the ECHR proceedings, or were not awarded victory. The ECHR has sentenced Moldova in 125 cases before September 2008.
- The stiff appointment of new ombudsmen after mandates of ombudspersons Raisa Apolschi and Iurie Perevoznic expired on July 4, 2008 and former ombudsman Ivan Cucu has died brought an institutional uncertainty and reduced the activity of the Centre for Human Rights. Many human rights organizations signaled the lack of transparency and procedural clearness in selecting and assigning new ombudsmen.⁸

Prevention of torture. Rights of prison inmates

Progress:

- The law on amnesty was adopted and entered into effect. Under the law, persons sentenced to a jail term of up to 7 years who were under 21 years old when the law entered into effect, pregnant women or mothers of children under 8 who were not deprived of their parent's rights will be amnestied.⁹ Overall, about 710 inmates will fall under the amnesty. The amnesty will be operated within 6 months;
- Employees of the penitentiary system have attended training seminars on healthcare, preparation for the release and social reintegration of convicts¹⁰;
- Penitentiary No. 9 Pruncul has opened professional education classes for inmates who will learn a profession demanded on domestic labor market;
- Education classes for minor inmates have been opened with the financial assistance of UNICEF and SIDA in 4 temporary detention facilities (Chisinau, Balti, Cahul and Rezina), and Prisons No.2 Lipcani, No.5 Cahul and No.7 Rusca;
- The law on building an investigation isolator was adopted to allow the re-dislocation of Prison No. 13 Chisinau (which unfits European detention norms and standards) outside of Chisinau and improve the detention conditions.¹¹

Shortcomings and problems:

³ Law 76-XVI on modification and completion of the Electoral Code from 10.04.2008;

⁴ In particular, it envisages the case filed against LDPM leader Viad Filat on charges of sale of the Rezina-based Cement Factory to the French Company Lafarge in 1998, concerning the illegal privatization of the cement factory; the nationalization of the stock society Ipeth etc;

⁵ The meeting held by the Salvagardare Organization on July 16, 2008;

⁶ According to www.lhr.md and <http://www.echr.coe.int/echr>;

⁷ Damages are granted to applicants inclusively in amicably settled cases;

⁸ Joint declaration by Amnesty International Moldova, Center for Journalism Investigations, CRDO, MEMORIA, Roma National Centre, GenderDoc-M, Institute for Human Rights, Lawyers for Human Rights, League for Protecting Human Rights in Moldova, and Promo-Lex, 18 September 2008;

⁹ PD # 188-XVI from 10.07.2008;

¹⁰ Practical workshop „Getting ready to release inmates” from 4 September 2008; training seminars „Developing the penitentiary system and the inmate reconciliation system, implementation of medical programs in prisons” from 30 September 2008;

¹¹ Law # 177-XVI from 10.07.2008 concerning the building of a criminal investigation facility;

- Despite some actions to facilitate the social adaptation of former inmates, these actions are seldom and are not part of a unitary and efficient system of social adaptation of former inmates. ((Chapter 14 of NHRAP¹²; objective (4) of EUMAP);
- Temporary detention facilities (TDF) were not transferred from the MIA jurisdiction to MJ (Chapter 7 of NHRAP; Objective (4) of EUMAP)¹³;
- According to human rights organizations, cases of torture and cruel treatment are on the rise in Moldova, with one out of five inmates being tortured¹⁴;
- According to the preliminary UN report on torture and violence against women in Moldova, worked out after the July 4-10 evaluation visit, the inhuman treatment and torture against persons under preventive arrest are widely spread in Moldova and the investigation of few signaled cases of torture are settled slowly and very few applicants has won the case. Detention conditions in majority of temporary detention facilities are degrading, cells are overpopulated and not well-aerated.¹⁵ As well, it signals the lack of healthcare at all stages of the detention process.

Rights of employees

Progress:

- The law on safety and security at work was adopted and entered into effect¹⁶;
- In September, following the teachers' protests, the Government raised the basic salaries for employees of the budgetary system, except for the armed forces and command corps.¹⁷ However, salaries do not cover their daily expenses so far.
- The law on labor migration was adopted and entered into effect.¹⁸ It regulates the labor immigration of foreigners and stateless people to Moldova, the temporary employment of Moldovan nationals in other countries, the supervision and control of respect for the labor migration law.

Shortcomings and problems:

- So far, employees face salary arrears (ex. Tracom plant), but formal statistics on overall arrears is unavailable.

Rights of the child

Progress:

- The law on combating domestic violence has entered into effect¹⁹;
- Minimum quality standards for social services provided by placement centres for disabled children have been approved.²⁰
- The Ministry of Social Protection, Family and Child, Ministry of Interior Affairs, Ministry of Health, Ministry of Local Public Administration, Ministry of Information Development, Drochia Rayon Council, Cahul Rayon Council and UNFPA Office to Moldova have signed an agreement on establishing a partnership to implement the UNFPA project „Development of an integrated information system for domestic violation in the Republic of Moldova as part of an integrated approach to managing domestic violence.” This project aims to develop an Integrated Information System (IIS) to manage data on domestic violence in two pilot rayons, Drochia and Cahul.²¹

Shortcomings and problems:

- The appointment of an ombudsman for the protection of child's rights (or *Lawyer of the Child*), an office introduced in March 2008, is delayed.
- Children whose parents are working abroad lack an appropriate state care so far.
- According to the first report on respect for the Convention on the Rights of the Child in Moldova, worked out by children within the Centre for Information and Documentation for the Rights of the Child in Moldova (CIDRC), the most violated child rights are those to a positive family environment, education, privacy, the right not to be aggressed, the right to expression and the right to comfort.²²

Ensuring rights to association

Progress:

- No significant progress was made.

Shortcomings and problems:

- The Ministry of Justice did not want to register the NGO „Russia's Friends” created by former prime minister Vasile Tarlev.

¹² This activity was stipulated by NHRAP for 2004;

¹³ GD # 113 from 03.02.2007 stipulated the transfer of DPI from MIA jurisdiction to MJ in 2007;

¹⁴ See the action report by the Helsinki Committee for Human Rights for January-June 2008, released on 5 June 2008; <http://www.humanrights.md>;

¹⁵ The preliminary report by UN experts on torture and violence against women, 11 July 2008 (UN experts on torture and violence against women conclude joint visit to Moldova), <http://www.unhcr.ch/hurricane/hurricane.nsf/view01>;

¹⁶ Law on health and safety at workplace # 186-XVI from 10.07.2008;

¹⁷ GD # 1088 on raising salaries of some employees in budgetary sector from 26.09.2008;

¹⁸ Law # 180-VI from 10.07.2008;

¹⁹ Law # 45 from 01.03.2007 on preventing and combating the domestic violence;

²⁰ PD # 823 from 04.07.2008;

²¹ The agreement was signed on 10.09.2008 and the project is funded by UNFPA;

²² See the Centre of Information and Documentation for the Rights of the Child in Moldova (CIDRC), <http://www.childrights.md>;

- The Ministry of Justice refused registration of changes to statutes of the Social-Political Movement “Actiunea Europeana” (European Action), Republican Social-Political Movement Ravnopravie and Republican Party of Moldova due to violation of Law # 294-XVI from 21 December 2007 on political parties that regulates the registration of changes to statutes of political parties. The parties asserted that the decision of the Ministry of Justice violates the freedom of association.

Honouring of Council of Europe recommendations / Execution of ECHR decisions

Progress:

- The Prosecutor-General’s Office has followed the law on governmental agent for the first time and obliged a former dignitary (Anatoli Cuptov, former minister of transportation and communication) to reimburse the amount that Moldova has paid to a claimant to the ECHR.²³

Shortcomings and problems:

- Moldova keeps being behind with implementing the timetable of legislative actions assumed accordingly to commitments by the CoE member states. The delays include the failure to adopt a law on status of the Chisinau municipality and the Code of Education Laws. For this reason, “the causes of criminal cases filed against opposition leaders at national and local levels” have not been investigated and “the way the People’s Assembly of Gagauzia had dismissed the Comrat mayor was not condemned.”²⁴

Cooperation with civil society

Progress:

- The National Council for Participation was made of civil society representatives to assist the Government in the strategic planning process. Leading bodies were elected and the regulation of the Council was adopted.

Shortcomings and problems:

- Despite the positive dynamic of the dialogue between authorities and civil society, majority of public authorities manifest still a dose of formalism as regards the participation of NGOs in promoting public policies and drafting public policy documents and the low interest towards taking part in the formation of the National Council for Participation is being proof.
- There are few qualified NGOs capable to bring a qualified value to the decision-making process and enforcement of public policies.

Freedom of media and access to information

Progress:

- The website of the National Commission for European Integration www.integrare.gov.md was launched.
- No other significant progress was observed.

Shortcomings and problems:

- Authorities are less interested in ensuring the right to information²⁵;
- Regulations on accreditation of journalists may be used to sort out reporters²⁶;
- Access to information is provided only after repeated appeals upon law courts, judicial decisions are not executed completely and in the due time, new appeals to law courts are needed²⁷;
- Websites of state institutions are updated tardily and they do not cover the daily activity of institutions;
- Objective (9) of EUMAP was not fully executed. It stipulates state financial assistance for the media, which should be provided on the basis of strict and fair criteria equally applied on all media outlets.
- Editors protest against some political decisions on book publishing.

²³ An amount of 8,345 lei which Moldova has paid to the claimant in the case „Ungureanu vs. Moldova”;

²⁴ PD # 284-XVI from 11.11.2005;

²⁵ The report „Right to information: on paper and in reality”, Acces Info Centre, www.acces-info.org.md;

²⁶ Media experts do not warn the draft regulation concerning the accreditation of journalists to the Moldovan Government. See also the issue 957 of the newspaper Timpul from 01.10.2008;

²⁷ Decision by the Chisinau Court of Appeal from 11.09.2008 concerning the execution by ISS of a SCJ decision on access to information provided to researcher Mihai Tasca.

2. CONSOLIDATION OF ADMINISTRATIVE CAPACITY

Administrative reform / Administrative efficiency

Progress:

Central Public Administration Reform

- The CPA Reform was implemented in key areas and progress was made in all of them²⁸: the CPA *reorganisation* continued by opening new structures of the Government and its subordinated institutions, approving new regulations of some ministries and central authorities (GD # 971 from 11.08.2008, # 976 from 12.08.2008, # 1084 from 24.09.2008, # 1056 from 15.09.2008; # 1065 from 19.09.2008); opening of policy analysis, monitoring and assessment subdivisions; working out of institutional development plans; reducing personnel in central institutions; the *decision-making process* is influenced by establishing some elements of the policy system, elaborating the documents' execution reporting system; many policy documents have been revised (accordingly to GD # 691/2008); regulations on circulation of documents are being drafted; actions are taken to introduce information and communication technologies (within e-government projects); thematic training courses on policy monitoring and evaluation are organized; in the area of *management of human resources* it is worth noting the adoption of new regulations (the law on public function and status of public servant); training of public servants (with the support of the fiduciary fund); the elaboration of a methodology on issuing, coordinating and approving the public office job description form; periodical, scheduled training courses; the *public finance management* is being improved by working out new regulations in the field (on budget elaboration, monitoring and reporting by programmes); staff training;
- The inter-departmental committee for strategic planning was created to coordinate and monitor the work of the Government and governmental committees in issuing and implementing key programmes and policies: CPA modernization, regional development, European integration, coordination of foreign assistance (GD # 838 from 09.07.2008);
- Training of public servants at seminars on: techniques to elaborate job description forms, policies coordination and analysis of their impact, planning of training courses for public authority by evaluating the education needs of public servants;
- The Government and subordinated authorities handled well the crisis after the July-August flooding, with the taken actions being described as efficient and main losses faced by citizens being recovered (housing and compensation of agricultural losses).

Local Public Administration Reform

- Local communities get EU funding for local development and better living standards at local level²⁹; several localities will be awarded for implementing good LPA practices³⁰;
- Training of local functionaries goes on³¹;
- MLPA is permanently monitoring meetings of Government members in territory and tackled problems, publishes related reports³²;

Development of information technologies (IT)

- The Ministry of Information Development has approved the medium-term institutional development plan which contains five directions of activity: building the information society, implementing the electronic government, forming and using state information resources, developing electronic and postal communications, strengthening the managerial skills of MID³³;
- IT development plans and programmes are gradually implemented, but there are financial arrears and difficulties; the Regulation of the National Regulatory Agency for Electronic Communications and Information Technology (ANRCEI) was adopted (GD # 905 from 28.07.2008);
- Actions are taken to launch new electronic communications next year; the 3G mobile technology; the DVB-T digital television; radio access services in the WiMAX broadband; public electronic services (declarations to police, job seeking services, social insurance contributions, identity documents, registration of motor vehicles, application for building permits, access to public libraries, application and issuance of civil status certificates, application for education institutions, announcing a change of domicile and healthcare services, income taxes, declarations and notifications);
- The official website of the Administrative Territorial Unit Gagauzia www.gagauzia.md was launched.

Shortcomings and problems:

- Although major defaults in implementing the CPA Reform have been earlier signaled more than once and strong arguments were provided in this regard, including the violation of terms (requiring a revision of

²⁸ See also the report on development of the CPA Reform in January-June 2008 (www.rapc.gov.md);

²⁹ The European Commission has signed 9 grant contracts with local public administrations and NGOs within the Romania-Moldova Neighbourhood Program;

³⁰ The contest is organized within the Program on Good Practices of Local Public Authorities of Moldova implemented by IDIS Viitorul in partnership with MLPA;

³¹ Training courses on management of human resources; teaching official language to public servants who do not speak it (within the Program implemented by the National Association of European Trainers in Moldova (NAETM) jointly with IDIS Viitorul);

³² The information is available at www.mapl.gov.md;

³³ The plan is available at <http://www.mdi.gov.md/planuri>;

- priorities)the Government has officially acknowledged before the implementation deadline that it would fail to implement the CPA Reform and would like to extend its term for at least two years³⁴;
- Many legal acts indicated as priority in the European Integration Agenda for 2008 were not adopted: law on state secret (new draft); law on regime of weapons, munitions, explosive materials and substances; law on approval of the structure, maximum staff and funding of the National Centre on Personal Data Protection etc.
 - The Parliament has adopted some important legal acts, but they do not enter into effect.³⁵
 - Important legislative and normative acts were not drafted: concerning the central public administration; the strategy on the system planning, drafting and coordinating public policies; the regulation on drafting, coordinating, approving, implementing, monitoring, evaluating and reporting policy documents; the regulation on electronic circulation of documents; the methodology for assessing performances of the central public administration related to allocated funds; a new remuneration system for public functionaries based on a new ranking system was not elaborated; the practice of annually reporting the efficiency of the use of funds after implementing national and sectoral programs is not introduced³⁶;
 - Reorganizations in CPA generates higher expenses instead of reducing them (GD # 1231 from 31.10.2008); large funds go so far to doubtful areas, actions and priorities with a minor impact³⁷;
 - The same fragmentary approach, lack of an official strategy and delayed implementation of laws with a major impact on this sector (e.g. regional development and administrative decentralization) are present in the LPA area;
 - The law on local public funds was not improved; local authorities continue to signal abusive interventions by central authorities and limitation of development possibilities by central authorities³⁸;
 - Researches by independent experts signal blocking in implementing announced reforms and obstruction of the normal functioning of local public administration, as well as serious problems in the area of decentralization and effectiveness of state representatives in the territory³⁹;
 - New information technologies and reforms in the area are not implemented accordingly to planned terms, there is a shortage of human, technical and financial resources needed to fulfill the established tasks; procedures of providing public services to people and economic agents were not modernized;
 - There are concerns with the domination of SA Moldtelecom in the IT sector and its abusive actions against competitors, which obstructs the local development of information services.⁴⁰

Depoliticizing public administration

Shortcomings and problems:

- The legislation covering this area was not amended, actions aimed to establish a clear hierarchy of public functions which should prevent political interferences were not taken⁴¹;
- The abusive involvement of representatives of the ruling party in diverse areas persists so far⁴²;
- The excessive politicizing of activity of some local public administration authorities generates conflicts, blocks the activity and raises divergences between councils and executive authorities. As a consequence, the local authorities are not very efficient and this harms the interests of citizens⁴³.
- There are cases when administrative resources are misused for political interests⁴⁴;
- Political interferences were observed in awarding state distinctions for dealing with flooding⁴⁵;

Interference of administrative and economic interests

Progress:

- According to certain officials, foreign investors continue to trust Moldova and the interest towards investing is on the rise;

³⁴ Report on development of the CPA Reform in January-June 2008 states that the three-year term is too short to implement the Action Plan on the CPA Reform Strategy and annual action plans, some actions were too ambitious and they will fail, while the Government is due to choose actions which will be transferred for 2009-2010;

³⁵ The law on public function and status of public servant was adopted in July 2008, but it was not published yet, as for late October 2008. This throwing-back delays some inherent actions such as opening of special units, approval of the normative base and building of the institutional base; employment in public service on the basis of a mandatory contest;

³⁶ See also problems signaled in the report on development of the CPA Reform in January-June 2008;

³⁷ Sources allocated under Government Decisions 937/04.08.2008, # 1021 from 02.09.2008, # 1048 from 15.09.2008, # 1071 from 19.09.2008, # 1072 from 19.09.2008, # 1098 from 26.09.2008, # 1228 from 31.10.2008, # 1233 from 31.10.2004 etc.;

³⁸ For 2009, the Ministry of Finance imposes to the Chisinau municipality a budget which is by 40 million lower than in 2008. See also the press release by Info-Prim Neo (IPN) Agency from 10.09.2008;

³⁹ Public policy researches "Implementation of laws in the Republic of Moldova – current problems" and „Effects of decentralization: Role of governmental representative in administrative-territorial units”, IDIS Viitorul, www.viitorul.org;

⁴⁰ The National Regulatory Agency for Electronic Communications and Information Technology (ANRCETI) is concerned with actions taken by the national wire telephony operator Moldtelecom SA to limit the access of alternative ADSL providers to the local telephony loop and related infrastructure, halting competitors to provide competitive broadband Internet services to the country's rayons, news conference by ANRCETI, 17.09.2008;

⁴¹ Adequate regulations are not covered by the new law on public function and status of public servant, though independent experts and civil society representatives have repeatedly recommended it;

⁴² Statements by representatives of the hospital and Hincesti Rayon Council, 14.07.2008; Leader of the National Liberal Party (PNL) says that principals from the rayon of Floresti have signaled that the rayonal administration imposed them to join the PCRM, press release by INFOTAG, 14.07.2008;

⁴³ Permanent conflicts between administrations of the Chisinau Municipal Council and Chisinau City Hall; attempts to re-elect heads of some rayons;

⁴⁴ See media reports on visits by PCRM legislators to regions (Jurnal de Chisinau, issue 761, 19.09. 2008); use of the (official) governmental post to disseminate some PPCD publications (Ziarul de Garda, issue 195, 11.09. 2008, news conference hosted by INFOTAG Agency on 03.09.2008);

⁴⁵ Under Decree # 1829-IV from 13.08.2008, state distinctions were awarded to employees of state institutions and mayors or heads of rayons representing the PCRM (see also the issue 756 of Jurnal de Chisinau from 09.09.2008).

- Representatives of foreign institutions appreciated the fiscal and financial reforms implemented⁴⁶;
- Actions are taken to improve the entrepreneurial environment⁴⁷;
- The Agency for Public Property announces the sale of public patrimony, inclusively via websites;
- International surveys indicate a certain rise of the economic freedom rating of Moldova⁴⁸;
- The regulation on commercial and investment contests for privatization of public property was approved and members of the commission for commercial and investment contests were appointed⁴⁹;
- Law # 179 from 10.07.2008 on the public-private partnership was approved to encourage private investments in public interest projects, enhance the efficiency and quality of services, public works, efficient use of public patrimony and public funds.

Shortcomings and problems:

- The „Doing Business 2009” Report says that doing business will be more difficult, indicators on issuance of building and international trade permits have declined much⁵⁰;
- Some processes related to the implementation of the strategy on attracting investments and promoting exports raise concerns; investments in the real sector of economy are stagnating or even declining⁵¹;
- Amendments to the law on protecting competition did not enter into effect, being obstructed at the promulgation stage⁵²;
- The regulatory reform is stiffly implemented, the process of assessing the impact of regulations almost stagnates⁵³;
- Statements signal that lobbyist interests of competitors delay the enforcement of some laws⁵⁴;
- Professional unions signal a serious fall of competitiveness of domestic transporters on international market and ask the Government to take actions in order to improve the situation related to dearer fuels⁵⁵;
- Accommodation fees for student hostels have grown very much⁵⁶;
- The draft state budget law for 2009 contains regulations which reveal plans to use public funds for electoral purposes⁵⁷;
- Investigations by prosecutor’s office revealed abuses and certain economic interests when the Chisinau city administration made decisions on works at the Valea Morilor lake in 2005-2007.⁵⁸ However, the prosecutor’s office only contested the decisions in law courts and it is unknown whether it investigated abuses by representatives of the local public administration in the period concerned or not.

Stability of governing policy

Progress:

- The external state debt is paid within the due time, accordingly to agreements⁵⁹;
- The Gross Domestic Product has grown by about 5.4 percent in the first half of the year⁶⁰; budgetary indicators are respected, there are no difficulties which could reduce the collection of income;
- More than 60 out-of-date, temporary and expired decisions have been abrogated after the revision of policy documents (GD # 1103 from 29.09.2008);
- Despite consequences of last summer flooding on public expenses, the situation in this area is satisfactory, planned expenses were not suspended.

Shortcomings and problems:

- Assessments by competent international institutions rank Moldova among European countries facing the highest current account deficit and lowered the associated perspective of long-term ratings in foreign and domestic currency of Moldova, following the declined external funding to the country and inflationist pressures⁶¹;
- Well-known domestic companies have plans to suspend their activity in Moldova because of pressures by authorities⁶²;
- A very high percent of residents would like to leave Moldova⁶³;

⁴⁶ Statements by Walter Baumann, representative of the Vienna-based Ernst & Young Society, 31.07.2008;

⁴⁷ The Chamber of Commerce and Industry (CCI) jointly with USAID have created the regional working group in Chisinau within the BIZTAR Project "Reform of the framework on entrepreneurship and fiscal management in Moldova";

⁴⁸ According to the Economic Freedom Rating 2008, Moldova is ranked the 78th place (and climbed 3 places). www.fraserinstitute.org;

⁴⁹ GD # 919 from 30.07.2008;

⁵⁰ According to the report, Moldova has descended 11 places, down to the 103rd among 181, www.doingbusiness.org;

⁵¹ Study by BIS Group, see also Logos Press, 26.09.2008;

⁵² Law # 104 -XVI from 16.05.2008 was not promulgated by Moldovan President;

⁵³ Draft laws and normative acts are not made available together with the assessment of impact, accordingly to the appropriate methodology (GD # 1230 from 24.10.2006);

⁵⁴ Statement by Lurie Mihalachi, chairman of IMC Group, regarding the postponed enforcement of the law on credit story offices until March 2009, INFOTAG, 09.09.2008;

⁵⁵ Joint declaration by the Union of Transporters and Road Builders, International Association of Motor Carriers in Moldova and Association of Motor Passenger Transporters in Moldova, 14.07.2008;

⁵⁶ Accommodation fees for hostels were raised by about 60 percent for the academic year 2008-09, after the rise of tariffs for communal services;

⁵⁷ Statements by representatives of opposition parliamentary parties and independent experts;

⁵⁸ According to the Chisinau Prosecutor’s Office, many irregularities have been observed since the beginning of urbanism works at the Valea Morilor lake, in particular, the procedure stipulated by legislation was completely neglected; the works were not coordinated with competent state bodies; a public auction for reconstruction was not announced and organized; a building permit was and still is unavailable, etc.; some sand near the lake was illegally carried by an economic agent to a building site instead of being stored and used for building and urbanism works;

⁵⁹ Statement by the Ministry of Finance, 28.08.2008;

⁶⁰ According to data by the National Bureau of Statistics.

⁶¹ Assessments by the rating agency Fitch, www.fitchratings.com;

⁶² Press statement by SA Ascom Grup; statement by LDPM chairperson regarding the expropriation of S.A. IPTEH;

⁶³ The study „Demographic phenomena in Moldova in the light of citizens of the country” worked out by Fin-Consultant RI Agency;

- Previous decisions aimed to influence the public opinion are not implemented and this reduce the credibility of authorities⁶⁴;
- More than 2,000 seats in higher education institutions have not been filled, including more than 655 budget-funded seats⁶⁵;
- The adoption of the law allowing the expropriation of real estates in connection with the construction of the Giurgiulesti International Port raises the discontentment of the opposition and owners of estates, who consider the compensations provided by Government being insufficient (Law # 176-XVI from 10.07.2008);

Probity and transparency of governance / Combating corruption

Progress:

- International assessments reveal a certain progress in preventing and combating corruption⁶⁶;
- The draft law on decision-making transparency was introduced to the Parliament;
- Statements on enhancing the transparency of Government's activity were delivered⁶⁷; the automatic system "Governmental Portal" is being implemented; law courts award victory to applicants for public information⁶⁸;
- The methodology of evaluating corruption risks in public institutions was adopted and enforced (GD # 906 from 28.07.2008);
- Efforts of internal security services give certain results, functionaries involved in fraudulent schemes and corruption are sanctioned, dismissed⁶⁹;
- The prosecutor's office has reported violations committed by the municipal administration controlled by ruling political forces in Moldova⁷⁰;
- Training courses and debates on preventing and combating corruption are organized⁷¹;
- International organizations and civil society representatives appreciate the implementation of plans on preventing and combating corruption⁷²;
- Offences, including flagrant committed by high-ranking officials are recorded in continuation;
- The process of re-attesting traffic policemen was completed, with half of them failing the tests⁷³;
- CCECC and the Agency for Material Reserves, Public Acquisitions and Humanitarian Aid have signed a cooperation agreement on preventing and combating corruption and protectionism in the area of public procurements; the CCECC service for preventing and combating money laundering will have a modern IT system purchased via the MOLICO project;
- The Penal Code was completed with regulations on confiscation of estates and incomes resulted from offences including corruption, incomes raised from illegally obtained estates (Law # 136-XVI from 19.06.2008).

Shortcomings and problems:

- Transparency of authorities did not grow much, building and updating of websites of public authorities are late; the law on decision-making transparency was not adopted;
- Political parties and NGOs raise concerns with transparency of examining strategic documents,⁷⁴ promotion of ombudsmen⁷⁵;
- Interpellations submitted by legislators in connection with the use of the reserve fund of the Government are ignored⁷⁶;
- The formation of the Civil Council for monitoring the CCECC was timed out⁷⁷;
- Efficiency of hotlines of public authorities is low so far, their functioning is faulty⁷⁸;
- The mechanism of examining declarations on estate and incomes does not function, their verification is not requested, inclusively because of the imperfect law concerned; public authorities do not cooperate with the media in elucidating cases on declarations of incomes and estate, they refuse to provide information about declarations⁷⁹;

⁶⁴ The new headquarter of the Eugene Ionesco Theatre is not restored due to the lack of funds, INFOTAG, 12.09.2008;

⁶⁵ According to accounts by the Ministry of Education and Youth;

⁶⁶ The „Corruption Perception Index 2008" by TI ranks Moldova on the 112th place, with the latter climbing one place compared with 2007;

⁶⁷ Statements by Government spokesperson, seminar "Aspects of optimizing cooperation between public institutions, mass media and NGOs ", 24.09.2008;

⁶⁸ The Chisinau Court of Appeal has awarded victory to scientist Mihai Tasca vs. Ministry of Justice in cases concerning political parties;

⁶⁹ During April-July 2008, 56 employees of the Customs Service were reprimanded, and another 16 were sanctioned after the monitoring of the Customs Service subdivisions by the internal security directorate;

⁷⁰ Recourse by the Chisinau Prosecutor's Office, decision # 12 from 13.06.2007 by the working group for public procurements of the capital construction directorate of the Chisinau Municipal Council (organization and conduct of a public auction to reconstruct the accumulation lake Valea Morilor and cleaning up the sediment), www.chisinau.md;

⁷¹ Representatives of district councils attend training courses for anti-corruption trainers within district councils, organized by CCECC with the support of the MOLICO Project; CCECC assisted by the MOLICO Project organized in July the summer schools "Youth against corruption "; USM and UTM students participated in debates on corruption in education sector, 24.09.2008;

⁷² Meeting between journalists and CCECC representatives, experts of MOLICO Project and Millennium Challenge Account, 18.09.2008; News conference held by the Anti-Corruption Alliance concerning the implementation of the Preliminary Country Plan of the Millennium Challenge Account, INFOTAG, 31.07.2008;

⁷³ News conference by the Ministry of Interior Affairs, 26.08.2008;

⁷⁴ Statement released by the Republican People's Party on 17.09.2008 concerning secrete elaboration of the national security strategy and related action plan by authorities;

⁷⁵ News conference by representatives of 5 human rights NGOs regarding the lack of transparency in selecting ombudspersons, 16.09.2008;

⁷⁶ Statements by legislator Vladimir Filat, INFOTAG, 17.09.2008;

⁷⁷ The draft law was not promoted, the idea to promote a governmental decision was resumed; representatives of NGOs and Millennium Challenge Corporation experts raised concerns in this area;

⁷⁸ Sitting of the Prosecutor's Office College from 29.08.2008; issues of the publication Obiectiv from 31.07.2008, 15.09.2008 (<http://www.api.md/supliment/index.html>);

⁷⁹ The study on access of the media to declarations of estates by public functionaries, dignitaries and other high-ranking functionaries; sitting of the Club of Investigative Journalists from 25.07.2008, press release by the Centre of Journalistic Investigations (26.07.2008);

- Combating corruption at high level is almost unobserved; reasons for dismissal of high-ranking dignitaries are not made public, legal investigations do not turn into sentences or public explanations⁸⁰;
- Press reports signaling abuses, wasting and non-transparency of large public funds are not followed by investigations by law enforcement bodies⁸¹;
- Moldova's evolution in the Corruption Perception Index 2008 is very modest, while international organizations provide large financial and technical resources for this purpose⁸²;
- Opposition political parties describe efforts to prevent and combat corruption as inefficient⁸³;
- Corrupt practices continue to be recorded in the education system.⁸⁴

⁸⁰ See also the issue 739 of newspaper Jurnal de Chisinau from 29.07.2008;

⁸¹ See articles „Ambasada de lux” (Jurnal de Chisinau, issue 758, 12.09.2008); „Cnezatul” lui Vladimir” (Timpul, 19.09.2008); „Viceprimarul orasului Orhei este cea mai social-vulnerabila persoana din localitate” (FLUX, 19.09.2008); „Гросул и его поделъники...” (Moldavskie Vedomosti, 19.09.2008);

⁸² Statements delivered by Transparency International Moldova representatives at the news conference occasioned by release of the CPI 2008;

⁸³ Political statement adopted at the 2nd Congress of PLDM;

⁸⁴ Findings of a survey carried out within the Project „Monitoring and Preventing Corruption in Institutions of Higher Education” by the National Centre for Transparency and Human Rights (NCTHR), Anti-Corruption Alliance, with the financial support of the Eurasia Foundation.

3. TRANSNISTRIAN CONFLICT

Efforts to restart the negotiation process

On July 22, 2008, President Vladimir Voronin met mediators and observers of the "5+2" Transnistrian settlement process. The meeting should open perspectives to restart the negotiation process. But its goal failed, as Transnistrian leader Igor Smirnov said that in his turn he would not meet international mediators and observers separately and they had to discuss with his deputy. The final "5+2" meeting, when chief negotiators of the conflicting sides joined the representatives of mediators and observers in the "3+2" format was rather a formal routine. However, President Voronin seized on the meeting with mediators to reconfirm Moldova's position towards the Transnistrian settlement; in particular, the conflict resolution approach shall be complex in political, economic, social, humanitarian terms; all documents on the conflict resolution shall be approved within the "5+2" negotiations; the proposed solutions shall not affect the principles stipulated by the law on basic regulations of the special legal status of localities from the left bank of the Dniester River, adopted through consensus by Moldova's Parliament on July 22, 2005; the conflict settlement process shall go step by step with the process of building confidence between the conflicting parties; the 2009 parliamentary elections will take place in all Moldova. The special representative of the OSCE chairman-in-office, Ambassador Heikki Talvitie, the EU special representative to Moldova, Kalman Mizsei, and the U.S. deputy assistant secretary, David Merkel, have generally shared President Voronin's point of view. The representatives of Ukraine and Russia, Aleksandr Gorin and Valeri Nesterushkin, highlighted the need of joint efforts by the parties to settle the conflict.

On September 8, 2008, Vienna hosted "3+2" consultations of mediators and observers of the Transnistrian problem. After the consultations, the head of the OSCE Mission to Moldova, Mr. Philip Remler shared with Moldovan authorities the opinion that there are premises to settle the conflict. In this context, Moldovan Speaker Marian Lupu stated on September 15 that the "5+2" format is the only way to restart the conflict resolution process, as it ensures an optimal framework of transparency and credibility, as well as for post-conflict evolutions.

On September 10, 2008, Brussels hosted the Meeting of the North-Atlantic Council in the format 26 + Republic of Moldova attended by Mr. Andrei Stratan, minister of foreign affairs and European integration. During talks, Mr. Stratan reconfirmed the official position of Moldovan authorities regarding the Transnistrian issue; in particular, the "5+2" format is the only way to find a peaceful resolution; Moldova's position regarding the Adapted CFE Treaty, especially concerning Russia's respect for the 1999 Istanbul commitments is firm and unchanged. In this context, Minister Stratan gratified NATO for supporting the sovereignty and territorial integrity of Moldova, presenting ample information about developments in implementing the Moldova-NATO Individual Partnership Action Plan (IPAP) at national level. Minister Stratan confirmed that Moldova will keep cooperating with NATO, particularly within IPAP on the basis of the constitutional neutrality principle. Minister of Foreign Affairs and European Integration Andrei Stratan reiterated Moldova's position when he addressed the 63rd session of the UN General Assembly on September 29, 2008.

Impact of Russian-Georgian war on Transnistrian settlement

After the armed conflict in the South Ossetia began on August 8, 2008, the Transnistrian administration decided to introduce a moratorium on contacts with Moldovan authorities on August 11. This decision was announced by the foreign ministry of the self-proclaimed republic. It motivated that "Moldovan authorities did not condemn Georgia's aggression in the South Ossetia." On August 22, 2008, Transnistrian ad-interim foreign minister Vladimir Yastrebiac confirmed this attitude during a meeting with the Head of the OSCE Mission to Moldova, Filip Remler.

On August 25, 2008, Russian President Dmitri Medvedev invited his Moldovan counterpart Vladimir Voronin at the Bocharov Ruchei residence in Sochi. Moldovan official press releases quoted the Russian president as saying about the conflict in the South Ossetia that "it demonstrated the danger of frozen conflicts." Speaking about the Transnistrian issue, Mr. Medvedev assured that there are great opportunities and possibilities now to settle the Transnistrian conflict, stressing the importance of formulating the approach and the ways to settle this conflict." In his turn, President Voronin stated that "Moldova has carefully monitored the developments in Georgia, given the frozen conflict in our country." In this context, President Voronin highlighted the "necessity to draw conclusions on existing conflicts in the region and to find a lasting solution to the Transnistrian problem on a peaceful way." The two sides reconfirmed their intention to go on with consultations, making plans to hold meetings and negotiations will all interested parties, including representatives of the Transnistrian side.

The same day, on August 25, Russian president met Transnistrian leader Igor Smirnov. The talks with Smirnov made the foreign ministry of the self-proclaimed Transnistrian republic react to statements by President Voronin regarding topics he has discussed in Sochi. According to the Transnistrian foreign ministry, President Voronin's statements are not true, they aim to mislead the international public opinion and introduce desires of Chisinau as accomplished facts. Indeed, Voronin was invited in Sochi "to call upon the Republic of Moldova to refrain from uncalculated actions in the Transnistrian settlement process, which could stir up tensions in the region." A confirmation in this regard would be Voronin's remark during the meeting with Medvedev: "Moldovan authorities were very wise since the existence of the Transnistrian conflict to prevent an eventual escalating of the situation." Transnistrian authorities were revolted with Voronin's statements that the Republic of Moldova has got Russia's support for a new draft law on autonomy status of Transnistria as part of Moldova, which would be based on the July 22, 2005 Law on basic regulations of the special legal status of localities from the left bank of the Dniester River. Transnistria considers that the optimal solution to the conflict would be a complex one, adopted on parity principles via mediation by Russia, Ukraine and OSCE. The basic principles of the resolution were explained in the draft agreement on friendship and cooperation

between the Republic of Moldova and Transnistria, which Igor Smirnov handed in to President Voronin at the April 11, 2008 meeting.

On August 26, 2008, when Russia recognized the independence of the South Ossetia and Abkhazia, Russian Foreign Minister Sergei Lavrov explained Russia's attitude towards the Transnistrian settlement, saying that the parties involved in the Transnistrian conflict are ready to reconsider the "Kozak Plan". According to Mr. Lavrov, no frozen conflict was so close to being settled like the Transnistrian issue: "Almost all the conflicting parties are sure of the necessity to reconsider the principles which were about to settle the Transnistrian conflict in 2003. We are studying them with Chisinau and Tiraspol, observers and we hope to make progress in this regard very soon."

Russia's efforts to reduce the "5+2" format to the "3+0" format

On September 3, 2008, Russian President Dmitri Medvedev received Transnistrian leader Igor Smirnov after having coordinated the meeting with President Vladimir Voronin. In consequence, Smirnov had to lift the moratorium on contacts with Chisinau introduced after the start of the Russian-Georgian conflict. In order to make Smirnov lift the moratorium, the Russian president promised to provide Transnistria with economic assistance and to resume actions stipulated by the so-called Zhukov-Smirnov Protocol. There were allegations after the Medvedev-Smirnov meeting that a new Voronin-Smirnov meeting could be organized by late September under the auspices of the Russian president, which would give green light to negotiations in a "3+0" format (Russia, Transnistria, the Republic of Moldova) concerning the adapted version of the "Kozak Memorandum". According to Smirnov, the Russian president has reconfirmed the conditions to support the conflict resolution – Russia will back any decision equally accepted by Chisinau and Tiraspol.

Ukraine makes clear its attitude towards restarting the negotiation process

Ukrainian President Viktor Yushchenko has stated that his country calls for the priority of territorial integration of states. He noted that "a progress was made in settling the Transnistrian conflict after the parties have signed the Ukrainian resolution plan." The Ukrainian president delivered these statements during the July 1, 2008 GUAM summit in Batum. President Yushchenko added that Ukraine calls for an urgent resumption of the "5+2" negotiations.

After the Russian-Georgian military conflict, Ukrainian Foreign Minister Vladimir Ogrizko told a news conference with the participation of British Foreign Minister David Miliband on August 27, 2008 that "Ukraine will keep calling for the implementation of the Yushchenko Plan on Transnistrian settlement. Ukraine firmly supports the territorial integrity of Moldova, which cannot be violated... Any solutions like those concerning Abkhazia and South Ossetia will be illegitimate and will be not recognized by the international community, as they violate the international law and the UN status."

Transnistrian authorities reticent over confidence-building actions of Chisinau

In the period concerned, Transnistrian leader Igor Smirnov has kept pressing President Vladimir Voronin to answer to the draft interstate agreement between the Republic of Moldova and Transnistria. Maintaining his interest towards resolving social-economic problems, Smirnov spoke about activity of working groups set up at the initiative of President Voronin, but insisted to change their name into "constitutional groups" because their work could have important political effects. This irrelevant explanation reveals rather the desire to delay the resumption of the negotiation process. An automobile of Posta Moldova carrying funds to pay pensions to citizens from Chisinau-controlled villages was held at the Transnistrian customs station on July 2, 2008. The car and the funds were released after ten days, but the incident proved that the confidence-building measures promoted by Moldovan authorities fail.

The conjuncture after the Russian-Georgian conflict has undermined more the efforts to strengthen confidence between the parties. Thus, the meeting between President Vladimir Voronin and Transnistrian leader Igor Smirnov set for the third decade of September 2008 did not take place. The intrigue of the meeting concerned consisted in preparing the ground for an eventual trilateral meeting in November 2008, with the participation of Russian President Dmitri Medvedev. According to the Moscow-based newspaper Kommersant, the November-scheduled meeting should crown Russia's efforts to prove before the summit of NATO foreign ministers that Russia is capable to settle frozen conflicts on a peaceful way as well.

The Voronin-Smirnov meeting was allegedly cancelled for very curious reasons: in particular, the parties failed to agree on the time and place of the meeting; there were no security guarantees for the Transnistrian leader, etc. But the most plausible argument was that the parties did not want to give up previous approaches relating to the conflict settlement principles. Moldovan authorities insisted on the documents they have worked out in the last two years and on the "5+2" negotiation format. In their turn, Transnistrian authorities insisted on the recognition of Transnistria and signing of a cooperation agreement with the Republic of Moldova.

Efforts of civil society to settle the Transnistrian conflict

The Foreign Policy Association (FPA) has organized two meetings within the "Transnistrian Dialogues" project in the period concerned. During the first meeting, Moldovan Minister of Reintegration Vasile Sova has stated that the Republic of Moldova is ready to provide a wide range of powers to Transnistria. These are consequences of the "package initiatives" submitted by President Voronin in a move to settle the conflict. According to the minister,

Transnistria will be a republic as part of the Republic of Moldova, it will have a constitution; the Supreme Soviet of Transnistria will have the right to legislative initiative in the Parliament of Moldova; Transnistria will be represented 1/5 in Moldova's Parliament, although the number of voters from the region counts for 1/6 of the voters from the right bank of the Dniester (there are 400,000 electors in Transnistria and 2.4 million in Moldova); Transnistria will be recognized the right to become subject of the international law, should Moldova lose independence; the integrated state called the Republic of Moldova will be neutral, demilitarized; ownership of those who have privatized facilities in Transnistria will be recognized; Transnistria will not have the right to veto, but there will be a system of reciprocal guarantees confirmed by international participants in the settlement process; guarantees will be extended on consolidation of all social-economic branches aimed to reunify the two banks of the Dniester as tight as possible; security measures will be guaranteed so that to make Chisinau and Tiraspol unable to take any actions against each other at the initial stage. During the second meeting, the EU special representative to Moldova, Mr. Kalman Mizsei said that the "5+2" negotiation format provides the best framework to settle the Transnistrian conflict.

4. JUSTICE

Capacity to impose respect for law / Status and independence of judges and prosecutors / Transparency

Progress:

- The Government has approved the draft law on authorization and remuneration of legal interpreters and translators;
- Previous cases described as political have been settled by acquitting the accused⁸⁵;
- A special attention is paid to the policy on sanctioning for corruption and related offences⁸⁶;
- SCM has agreed to open criminal charges against judges suspected of offences,⁸⁷ accepted the disciplinary procedure concerning some judges,⁸⁸ reacted against meddling by political authorities⁸⁹ and appealed to the prosecutor's office in connection with corruption committed by judges;
- The Ministry of Justice has worked out and approved the institutional development plan for 2009-2011;
- Special programs aimed to boost transparency and reduce corruption in the judicial system continue to be implemented⁹⁰;
- The website of courts of appeal <http://ca.justice.md> was launched.

Shortcomings and problems:

- So far, the justice face many problems: late examination of cases, insufficiently motivated judicial decisions; irregular legal practice; corruption; low transparency and insufficient information⁹¹; judicial independence is not promoted and ensured enough, the SCM is influenced by authorities,⁹² the Prosecutor's Office does not react promptly to combat meddling in justice sector⁹³; opposition parties consider that the process of reforming the justice was embezzled, while the judicial independence is limited⁹⁴;
- The mass media has reported preferential treatment and violation of the conduct of judges, but the SCM did not react immediately⁹⁵; critical reports on examination of some cases by law courts are released in continuation, while the courts concerned and the SCM do not react and reply⁹⁶;
- Besides certain politicized actions, there are other shortcomings in activity of the Ministry of Justice such as the shortage of qualified personnel; high personnel fluctuation; low salaries; insufficient cooperation between subdivisions; insufficient cooperation with nongovernmental sector; faulty planning and internal audit of resources⁹⁷;
- The Legal Inspection was not created; it is impossible to open public relations services because of the lack of resources (SCM Decision # 331/15 from 02.10.2008);
- The legislation on prosecutor's office was not modified;
- Many actions stipulated by the plan on implementation of the strategy on consolidating the judicial system (PD # 17 from 19.07.2008) are late;
- The prosecutor's office intervenes with disproportionate appeals, demanding the liquidation of some political parties for statements delivered by their members.⁹⁸

Legal assistance and auxiliary personnel/ Training of specialists in system / Material insurance

Progress:

- The regulation on methodology of calculation of income to provide state-guaranteed qualified legal assistance was approved (GD # 1016 from 01.09.2008);
- The National Council for State-Guaranteed Legal Aid has established models of acts of territorial offices to get state-guaranteed legal aid (Decision # 14/1 from 18.07.2008); special seminars on state-guaranteed legal assistance are organized⁹⁹;

⁸⁵ The SCJ turned down on 08.07.2008 an appeal by prosecutors seeking the re-examination of the Musuc case by the Court of Appeal, with the decision awarding victory to the suspect being definitive;

⁸⁶ According to the synthesis of actions by prosecution bodies, law courts have pronounced 85 sentences against 89 persons in corruption-related criminal cases and sentenced 123 persons to jail terms in corruption-related cases in the first 9 months of 2008;

⁸⁷ SCM Decision # 299/14 from 02.09.2008;

⁸⁸ SCM Decision # 286/13 from 17.07.2008;

⁸⁹ SCM Decision # 303/14 from 02.09.2008;

⁹⁰ As of late September 2008, the Ministry of Justice has executed all actions stipulated by the program on implementation of the PCP within the U.S. Millennium Challenge Account;

⁹¹ Statements delivered by minister of justice at a news conference on 30.07.2008, see also the issue of newspaper FLUX from 31.07.2008;

⁹² Speech by legislator Gh.Susarenco concerning the appointment of Iurie Bejenari as SCJ judge, PD # 160-XVI from 09.07.2008;

⁹³ There is no information about actions taken in connection with SCM Decision # 303/14 from 02.09.2008, punishment of high-ranking dignitaries who do not execute judicial decisions;

⁹⁴ Political declaration by the 2nd LDPM Congress;

⁹⁵ On 06.08.2008, PRO TV Chisinau recorded talks between a judge and the head of the Chisinau Municipal Council involved in proceedings, with the judge advising the interested party;

⁹⁶ Article „Судебная система Молдовы – служит или обслуживает?”, Logos-press, issue 31, 29.08.2008; article „Lipsa de impartialitate si "surzenia" multor judecatori face imposibil actul de dreptate in tara noastra”, Moldova Suverana, 09.09.2008;

⁹⁷ See in this regard the report on evaluation of institutional skills of the Ministry of Justice presented by the Government Apparatus, 09.04.2008;

⁹⁸ The Prosecutor-General's Office has asked the Ministry of Justice to start liquidating the Republican People's Party, as its former deputy chairperson has published an article calling for overthrowing the governing through public manifestations;

⁹⁹ During September 14-18, 2008, seminars with lawyers took place in rayons of Cahul, Comrat and Causeni;

- Training seminars on judicial deontology take place and about 300 judges attended them before late October;
- SCM has examined a report by CoE experts, which evaluates necessities to open and make function the National Institute of Justice in Moldova, decided to monitor the execution of the strategy on initial and further education of judges within NIJ, coordinate educational programs and plans for the initial and further training of audients and judges¹⁰⁰;
- The regulation on attestation of clerks of law courts was approved (SCM decision # 324/15 from 02.10.2008);
- The Parliament has preliminary approved the budget of law courts for 2009 (PD # 183 from 10.07.2008);
- Actions are taken to evaluate the cost of capital renovations at law courts.¹⁰¹

Shortcomings and problems:

- Endowment of courts and allocations are insufficient so far¹⁰²;
- The management of resources by courts, financial-budgetary discipline are violated and there are illegal expenses¹⁰³;
- The strategy on funding the justice was not elaborated;
- The reserve of judges is not ensured (According to Point 3.1 of the action plan on implementation of the strategy on consolidating the judicial system);
- The number of judges and prosecutors is not increased, the burden of cases is still heavy and irregularly distributed;
- The system of assistant (referents) judges was not introduced; magistrates continue to hold non-judicial activities (administrative, technical and auxiliary).

Alternative ways to settle litigations / Prisons

Progress:

- Training courses on implementation of the probation institution take place¹⁰⁴; the Government has approved the model of credential and badge of probation personnel (GD # 1006 from 29.08.2008);
- Law # 177-XVI from 10.07.2008 on building a penal investigation facility was adopted;
- The Ministry of Justice and the Institute of Penal Reforms have worked out the initial training curriculum for probation advisors in the area of Juvenile Justice; 3 training modules were organized in June-August 2008 and they finished with capacity tests;
- Actions are taken to improve the situation in prisons.

Shortcomings and problems:

- The institution of mediation and arbitration is implemented slowly;
- The situation in prisons unfits international standards so far;
- Cases of torture in prisons still are recorded.¹⁰⁵

¹⁰⁰ SCM Decision # 326/15 from 02.10.2008;

¹⁰¹ Activities are organized with the assistance of foreign experts within the U.S. Preliminary Millennium Challenge Account;

¹⁰² Parties involved in trials complain of insufficient air to breath in narrow offices, shortage of halls and accessible toilets, see also the article „Instante cu ambulante”, newspaper Ziarul de Garda, issue 195 from 11.09.2008;

¹⁰³ SCM Decision # 272/12 from 01.07.2008 concerning Decision # 38 from 10.06. 2008 by the Chamber of Auditors;

¹⁰⁴ Seminar from 19.09.2008 for probation advisers, with the participation of Norwegian experts;

¹⁰⁵ New conference of the UN expert mission in the area of torture and violence against women, INFOTAG, 11.07.2008;

5. ECONOMIC DEVELOPMENT AND REFORMS

Poverty reduction

Progress:

- Evolutions in the 3rd quarter of 2008 were particularly influenced by the July-August flooding, which produced losses estimated at 120 million dollars, of which 20 percent to infrastructure, 15 percent to farm land and 65 percent to real estates (459 homes have been flooded, including 288 have been deteriorated).
- In this regard, the Government has approved a decision to provide material aid worth 10,000 lei per hectare of land to people whose adjacent plots were flooded. These amounts will be allocated from collected financial aid.
- A draft law on social protection of people affected by the summer 2006 natural disasters was submitted to the Parliament.
- The law on indemnities for temporary work incapacity and other social insurance allocations was modified, so that to raise the minimum monthly indemnities for growing up a child from 100 up to 200 lei. Also in 2009, the monthly indemnity for growing up a child will be increased from 20 up to 25 percent, but not less than 250 lei.¹⁰⁶
- July amendments to the state budget law regulate the establishing of the social aid stipulated under the law on social assistance the minimum guaranteed income of a family will be 430 lei.¹⁰⁷
- Wages of certain categories of budgetary employees will be increased starting October 1. The Government has approved the draft law on increasing salaries of budgetary workers in 2009 by 10-15 percent for those whose wages rose on October 1 and by about 21 percent for those who did not have a rise.
- The Parliament has ratified the funding agreement worth 6.1 million DST (10 million dollars) between the Republic of Moldova and the International Development Association (the project on the second credit for sustaining the poverty reduction in Moldova).¹⁰⁸

Shortcomings and problems:

- Unplanned expenses in 2008 reduced capacities to fund other sectors and priorities.
- The rise of prices in the first semester has increased the existence minimum, which reached 1,341.9 lei in the 2nd quarter.
- The Government has decided to increase nominative compensations after the rise of natural gas and electricity tariffs. Approximately 155,000 people will benefit by compensations for gas and 299,000 people will be paid compensations for electricity. Additional funds for 2008 are estimated at 7.3 million lei.

Consolidation of economic growth

Progress:

- The rise pace of industrial production slowed down in July-August. Therefore, the value of industrial production in eight months of this year has increased by 2.8 percent, compared with the same period of 2007. A greater growth was recorded in extractive industry.
- Growth prospects of agriculture are greater this year due to favorable weather. Thus, the harvest per hectare for some crops is almost twofold bigger than last year.
- The law on mortgage¹⁰⁹ was adopted to regulate all procedures and provide supplementary guarantees to mortgage creditor and debtor.

Shortcomings and problems:

- Natural gas and electricity tariffs have grown starting August, and this increases production costs of domestic producers.
- Banks faced a lack of means for credits after the cash reserve ratio for commercial banks was increased in May. In consequence, the access to credits was limited in the 2nd and 3rd quarters, with many banks releasing credits to devoted clients only. The interest rate on credits has also grown much, so that it reached 22.76 percent on average in August for credits in lei and 12.39 percent for credits in foreign currency. Interest rates of commercial banks are expected to decrease after the cash reserve ratio and the NBM basic rate were reduced in September.
- The world financial crisis and slower economic growth pace in most developed states endanger the economic condition of Moldova, too. It will affect nationals working abroad by reducing remittances. Domestic economic agents which have foreign business partners may be also hit.

Macroeconomic and financial stability

Progress:

¹⁰⁶ Law # 155-XVI from 04.07.2008 concerning the modification and completion of Article 18 of Law # 289-XV from 22.07.2004 concerning indemnities for temporary work incapacity and other social insurance allocations;

¹⁰⁷ Law # 149-XVI from 03.07.2008 on modifying and completing the state budget law for 2008;

¹⁰⁸ Law # 150-XVI from 11.07.2008;

¹⁰⁹ Law # 142-XVI from 26.06.2008 on mortgage.

- The raising pace of prices has slowed down, so that a deflation was recorded in June-July and the inflation rate for August and September was 0.7 percent and 0.6 percent respectively. It was rather due to a seasonal reduction of prices for some agro-food products, proving the dependence of Moldovan economy on this sector, as well as NBM interventions. The inflation for 9 months is 6.7 percent. It says that a 10-percent annual inflation rate could be maintained;
- The lower inflation rate allowed the central bank to reduce the NBM basic rate by 1 percent in September, down to 17 percent, and the cash reserve ratio for commercial banks down to 20.5 percent;
- NBM efforts to maintain the stability of prices in the first half of this year and massive remittances, foreign investments and technical assistance strengthened the leu versus main currencies in 2008 until September, when the trend has reversed. Thus, the leu has depreciated by 7.6 percent versus USD and 12 percent versus Euro in three weeks. This evolution has also a seasonal nature, but it was supported by massive foreign currency purchases by NBM last summer and possibly the withdrawal of some speculative money from country and developments on international financial market. But NBM accounts assure that deposits of non-residents are under control and they count for 8 percent of overall deposits. In order to stabilise the exchange rate, the central bank has intervened in the currency market by selling 37.1 million dollars;
- The law on currency regulation¹¹⁰ was published in July and it will enter into force within 6 months after publication. The law establishes general currency regulation principles in Moldova, currency-related rights and obligations of residents and non-residents, and competences of currency control bodies and tasks of banks and exchanges;
- An IMF Mission visited Chisinau in September and said that the 10-percent inflation rate could be maintained till the end of the year, and participated in consultations on the 2009 state budget;
- In August, the IMF published the report assessing the stability of the Moldovan financial system, which concludes that the banking system is stable and capable to resist to credits, liquidity and macroeconomic shocks.

Shortcomings and problems:

- Accusations brought by the opposition against NBM in connection with its actions aimed to maintain the stability of prices and ignore the appreciation of Moldovan leu, which hits nationals working abroad and exporters;
- The price index of industrial production is higher than the consumer price index for the period concerned. This and dearer imported energy resources pose inflationist pressures so far;
- Deposits of non-residents could be larger than reported by NBM, while some remittances could be speculative capital.

Fiscal transparency and stability

Progress:

- The law on the modification and completion of the state budget law for 2008 was published in July.¹¹¹ It increased budgetary incomes and expenses and reduced the budgetary deficit from 223.7 down to 99.7 million lei, calling for a null budgetary deficit by the end of the year;
- The draft law on the modification of the state budget law for 2008, which stipulates additional funds to increase wages of teachers and other personnel from educational institutions and organizations, and the law on state social insurance budget for 2008, after a law regulated the payment of state social insurance contributions by patent holders, were submitted to the Parliament in September;
- The Government has approved the draft state budget law, the draft state social insurance budget law for 2009, the law on mandatory health insurance funds for 2009 and submitted them to the Parliament. The proposed state budget contains incomes worth 17,734,900 lei (by 21 percent more than in 2008) and expenses worth 17,308,700 lei (by 23 percent more than in 2008). The budgetary deficit for 2009 is expected to account for 573.8 million lei, being higher than last years;
- Moldova has signed one more agreement on avoiding the double taxation and preventing the fiscal evasion on income taxes with the Finnish Government.

Shortcomings and problems:

- Wages, nominative compensations and other social indemnities have been increased in 2008, which is a pre-electoral year, and there are plans to raise scholarships. Although some rises are justified, they should not be a pre-electoral gesture and introduced during the financial year, but into the initial state budget;
- Macroeconomic indicators of key financial documents are not planned by using an efficient macroeconomic model, the way it happened in the precedent years. Also, Government's planning skills are weak, so that incomes were lower than planned over the last years and this risk persists so far.

¹¹⁰ Law # 62-XVI from 21.03.2008 concerning the currency regulation;

¹¹¹ Law # 149-XVI from 3.07.2008 concerning the modification and completion of the state budget law for 2008.

6. SOCIAL DEVELOPMENT AND REFORMS

Social dialogue on employment

Progress:

- No great progress was observed.

Shortcomings and problems:

- No actions were taken so far to set up a clear mechanism for social dialogue on protection, health and safety at work, in spite of a legal regulation available in this respect.

Gender equality

Progress:

- No important progress was observed in the period concerned.

Shortcomings and problems:

- Although the law on ensuring equal chances to women and men was approved on February 9, 2006, there are serious obstacles on way of implementing this law such as absence of a representative rate for women in decision-making bodies, lack of an ombudsman for gender quality, and absence of a concrete mechanism of presentation, examination and sanctioning of discrimination-related complaints.
- Gender inequality is an important topic in Moldova so far. According to recent findings, there are only 34 percent of female managers of enterprises, compared with 52 percent of female employees in less paid sectors. In particular, the number of men prevails in the production, building, transportation and communication industries, and the number of women is higher in the service sector, especially in education and healthcare. At the same time, there is a trend to pay less to women for the same volume of work.

Health and safety at work

Progress:

- The law on health and safety at work was approved on July 10, 2008 and it will enter into force on January 1, 2009, but its regulations partly correspond to the Framework Directive 89/391/EEC of June 12, 1989 on the introduction of measures to encourage improvement in the safety and health of workers at work.

Shortcomings and problems:

- The process of considering and approving the draft law on safety and health at work was very long, as the examination and discussing of the draft has started in the 3rd quarter of 2007. The delayed approval of this law has certainly protracted the implementation of its regulations.

Social protection and integration

Progress:

- On July 4, 2008, the Government of Moldova approved the minimum quality standards for social services provided by daily-attendance centers for disabled children, meeting this way the national strategy and action plan concerning the reformation of the residential child care system for 2007-2012.
- The same day, the Government approved the law concerning the modification of Article 18 of Law # 289-XV of July 22, 2004 concerning the indemnities for temporary work incapacity and other social insurance facilities.
- The minimum quality standards for social services provided by maternal centers to prevent the abandonment of newborns were approved on September 2, 2008 to adjust these standards and ensure a qualitative monitoring of their implementation.
- On September 26, 2008, Law T# 133-XVI of 13 June 2008 concerning the social aid was adopted to regulate the legal framework on guaranteeing equal possibilities to disadvantaged families by providing them with a state-guaranteed social aid. This law will not substitute other payments, compensations or indemnities, and the planned social assistance will be provided in parallel with nominative compensations and other indemnities.

Shortcomings and problems:

- Although modifications concerning the indexation of monthly quantum of indemnities for growing up children have been approved and starting January 1, 2009 the indemnities will be 25 percent of the established calculation base but not less than 250 lei per child, this amount is very small to get through current conditions, especially when prices of food products and services are on the rise.
- Although the draft law on legal statute of adoption was made available for talks in March 2008, it was passed in the first reading only last July. This draft law was necessary to remedy some shortcomings of the legislation; in particular, it does not stipulate the preparation and information of people to recognize and accept the adoption and adaptation of children to persons who adopt them, so that representatives of tutelary authorities and other interested persons may misinterpret the legislation and the right of the child to have a permanent and safe family may be violated; competences of local and central tutelary authorities are not clearly delimited, it is not clear when the adoption status of a child without parent's care should be established.

Public health

Progress:

- The law on controlling and preventing the tuberculosis was adopted on July 4, 2008 to regulate the control, prevention and treatment of TB and ensure the protection of rights of TB patients. Regretfully, the TB continues to be a wide-spread disease in Moldova, being rated at international level as a disease typical to poor countries.
- An important draft law on funding in 2008 the treatment of uninsured people suffering from socially conditioned diseases with a major impact on public health was adopted on July 10, 2008. The National Health Insurance Company was empowered to manage all funds for health assistance.
- On August 4, 2008, the Government approved the nomenclature of supplementary health services provided to children, schoolchildren and students from educational institutions, which stipulates that permanent medical facilities will open in all schools and high schools, professional schools, colleges and state universities starting September 1 to protect the health of schoolchildren and students.
- The concept on fortifying the State Sanitary-Epidemiological Service by reorganizing it into the State Service for the Supervision of Public Health was discussed on September 25; it stipulates the revision and enlargement of competences and basic functions of the service and empowers the centre to coordinate public health activities at territorial level.

Shortcomings and problems:

- According to effective regulations, the funds used to implement the law on funding in 2008 the treatment of uninsured people will be recovered from the state budget to the National Health Insurance Company by November 1, 2008 on the basis of documents confirming the expenses. Therefore, the National Health Insurance Company has found itself in a difficult situation to find the necessary funds alone.

7. INTERNATIONAL TRADE

Commercial Relations (Trade regime with EU)

Progress:

- The European Union has confirmed its top position as No.1 destination for Moldovan exports under the new trade framework (Autonomous Trade Preferences);
- Moldovan exporters have used about 93 percent of trade preferences for wine exports, 95 percent for sugar exports and 41 percent for grain exports by the end of the 3rd quarter. According to MET accounts, the duty-free exports under the new regime have saved about 35 million Euros of Moldovan companies;
- Enhanced export opportunities to EU amplify the development prospects of some industries in Moldova such as the sugar industry. According to sugar making enterprises, the granting of trade preferences had a positive impact on the whole production chain: from raw material producers to processing enterprises¹¹²;
- According to conclusions by the EU Council of Ministers, the future EU-Moldova agreement will include „...the objective of a deep and comprehensive free exchange zone, which will be established as soon as Moldova will be prepared to support the effects of the complete liberalization of trade exchanges with the EU.”¹¹³

Shortcomings and problems:

- The Republic of Moldova is unable so far to enjoy the Autonomous Trade Preferences for animal exports because it does not respect the related EU standards. Moldovan authorities shall take into account such internal faults while negotiating the profound and comprehensive free exchange agreement with the EU.

Export promotion and development

Progress:

- The trade deficit continued its worsening trend in January-August 2008. It reached 2.12 billion dollars¹¹⁴ and increased by nearly 56 percent compared with the similar period of the precedent year. Exports have grown much (by 29 percent in the same period), but imports have expanded more (by 46 percent);
- Exports to the EU have grown the most (+33.9 percent) fitting the positive dynamic for the last years and the autonomous trade preferences just fortify this trend. As a result, supplies to the community market have reached a record of 52.1 percent, with Romania attracting more than 1/5 of overall exports. Textiles continue to rank the 1st place and “common metals” rank the 2nd place in exports to EU. Exports of “machines and appliances; electric equipment” achieved a positive evolution, as they have increased 3.8-fold compared with 2007 and ranked the 3rd place in the total structure of exports in January-August 2008;
- Spirits exports (bottled wines covered more than 83 percent of overall supplies) to the community market have grown by 40 percent in January-July 2008, but supplies to the CIS rose by 93 percent. At the same time, the Moldovan wine exported to EU is dearer and its price tends to grow more.

Shortcomings and problems:

- The trade deficit is growing very fast. The strong rise of remittances is the main cause, as they have grown faster than the trade deficit. On this background, the trade deficit is unavoidable and authorities cannot take actions (typical to the market economy) which would eliminate it. But the emphasis shall be laid on competitiveness of Moldovan products (both in terms of export promotion, and better position on domestic market).

Customs

Progress:

- The Republic of Moldova has joined the International Convention on the Harmonization of Frontier Controls of Goods (Geneva, 21.10.1982). The Convention aims to reduce requirements to fulfill formalities and the number and duration of controls, in particular by coordinating national and international control procedures;
- The implementation of the “one-stop-shop” in operating the customs control at the frontier is being completed.

Shortcomings and problems:

- Despite positive reports by authorities, international assessments do not reveal positive changes related to export-import operations in Moldova. According to the *Doing Business 2009 Report*, there are no positive changes regarding the duration or number of documents needed to conduct these operations, while their cost has grown much.

Sanitary and phytosanitary standards

Progress:

¹¹² Logos Press, 3 October 2008;

¹¹³ Moldpres, 13 October 2008;

¹¹⁴ Hereinafter NBS accounts (except for statistics on spirits).

- A number of phytosanitary norms have been adjusted completely or partly to EU regulations: concerning the minimum criteria on protection of swine for raising and fattening; concerning the supervision, control and combat of the bird flu; concerning the approval of some sanitary-veterinary norms on supervision of the bluetongue disease, action plan on supervision of brucellosis and tuberculosis on cattle; concerning the establishing of control and supervision rules for catching spongiform encephalopathy;
- The regulation on registering and recording the enterprises raising egg-laying hens, aiming to ensure the traceability of food products and materials in touch with food products at all stages of the circuit, was approved;
- The technical regulation “Ecological agro-food production and ticketing of ecological agro-food products” was approved;
- The Ministry of Agriculture’s Order # 18 of 5 February 2004 “concerning the approval of the sanitary-veterinary norm on sanitary-veterinary conditions for the organization and functioning of veterinary pharmaceutical units”, which stipulates a better functioning of these units, was modified.

Shortcomings and problems:

- Major shortcomings are related to the practical implementation of legislative and normative modifications. Many decisions are not enforced and this halts the adjustment of Moldovan standards to EU regulations.

8. BUSINESS CLIMATE

A number of major evolutions related to the business climate worth to be mentioned, were observed in the 3rd quarter. Some of them were in the spirit of the EU – Moldova Action Plan, other at a smaller extent.

Major progress:

- Continuing the business licensing topics tackled in the precedent issue of „Euromonitor”, a governmental decision on implementation of the one-stop-shop within the Licensing Chamber was made in September 2008.¹¹⁵ This decision is very important, without exaggerated ascertainment. It established a list of documents and information which should be provided by public authorities and institutions in charge with regulation and control at the request of the Licensing Chamber with the purpose to simplify the license issuance process. This way, applicants for issuance or extension of licenses will not have any longer to go to many courts in order to get confirming or support documents and submit them to the Licensing Chamber. Instead, the Licensing Chamber will ask these documents and information from relevant authorities and institutions directly. The authorities and institutions include the Ministry of Information Development, the Agency of Land Relations and Cadastre, the Customs Service, and others. An important provision of this decision is that the demanded information or documents are declared approved for the applicant shall the competent authority or institutions fail to respond to the Licensing Chamber. Despite some technical aspects which shall be specified for an efficient functioning of this decision, this is generally an important progress in simplifying the licensing framework.
- The creation of the Transport Agency as a regulator of transport activities, which was previously regulated by the Ministry of Transport and Road Management and the State Civil Aviation Administration. Efforts to unify the transportation regulation process are worth of appreciation and support. The Transport Agency is expected to function after the model of other regulatory agencies (ANRE, NARTI) and it will not depend on the Government, but it is hard to believe this in current conditions. But the most important is the way the new agency will settle the conflicts of interest inherited from origin institutions. For example, it is well-known that the State Civil Aviation Administration had both regulated the civil aviation sector and was a player on the market with clear economic interests, controlling a public air transport company. That affiliation had periodically generated bitter criticism by economic experts and other operators on the air transportation market. It is important for the new agency to get rid of “market assets” and function like a truly unbiased regulator. Is this possible when the management of the Transport Agency is mostly made of the former State Civil Aviation Administration?
- The governmental decision on building the Cainari Industrial Park was issued in early September. The park is built for a 15-year term and its activities will be monitored by the Ministry of Economy and Trade. Thus, the first project within the governmental initiative on making attractive conditions for foreign and domestic investors was achieved, and others could follow soon. The effectiveness and real impact of these industrial parks on Moldovan economy will depend on the way they will join the economic system and on the fact if they will not be some “holms” of technological excellence and quality infrastructure in the “stormy sea” of Moldovan economy.
- The process of privatization of state-owned property via the Stock Exchange of Moldova continued in the period concerned. A number of important enterprises have been privatized within auctions, while others (the biggest ones) are waiting for potential buyers. However, this via-exchange privatization process lacks transparency. Enterprises have been deleted and reintroduced on auction lists more than once for mainly mysterious reasons. Is it reasonable to continue the privatization during an international financial crisis? This issue was already approached by some opposition political parties and representatives of the ruling party. Prices on the market should be tested and the privatization could be stopped, should prices be lower than expected by authorities or/and the real economic value of the property on sale.

Shortcomings and problems:

- Although it was decided to implement the one-stop-shop principle in the Licensing Chamber, there is much work to be done for its technical implementation. It was established that many public authorities and control and regulatory institutions which the Licensing Chamber will ask to release information and documents lack unified and/or accessible electronic databases. Also, many authorities and institutions concerned resist to the enforcement of this decision because it will cut some of their incomes (but not much) and business control tools. At the same time, a normative vacuum has occurred in terms of licensing of some activities after the new law regulating the business licensing entered into force in September 2008.
- The Doing Business 2009 rating was released in September 2008. Unfortunately, Moldova's relative positions have worsened again for almost all considered aspects. While Moldova was ranked the 92nd place among 181 countries in the precedent doing business rating, now it is ranked the 103rd place among 181 states. This worsening of the relative position is linked to a faster progress in reforming the business framework made by other countries, rather than to worsening of absolute performances of our country (which did not change). At the same time, developers of the rating did not take into account some reforms implemented in 2008 for methodological reasons. Moldova's position may improve shall the next rating cover those reforms. But the Government should essentially improve the communication with financial

¹¹⁵ Government Decision # 1068 from 19/09/2008 concerning the implementation of the one-stop-shop within the Licensing Chamber.

evaluation agencies and other institutions which work out and publish international ratings, and provide all information and statistics needed to cover recent progresses and update the ratings.

- In the light of the current international financial crisis which hit developed countries in particular, the Republic of Moldova is credited with chances to become more attractive for investments and it should seize these opportunities.
- A series of corporate scandals and property-related conflicts have emerged in the period concerned, with some of them being settled by law courts or in an amicable manner. But one of most serious conflicts with major financial and political implications which is being developed is linked to the annulment of a privatization contract (and all further transactions) of a building in the Chisinau downtown (IPTEH). The building is owned by a foreign company controlled by a Moldovan opposition leader (Vlad Filat, chair of PLDM). It is noteworthy that some attempts to annul the transaction have been earlier registered, but the law court in charge with this case has awarded victory to owners. In this context, owners of the building described the reopening of this case in a pre-electoral period as based on political interests, and contested this decision in the ECHR. In all likelihood, Moldova runs the risk to be punished one more time for violation of right to a fair trial and, the worst, of the right to property. This situation harms both the image of the acting Government and the domestic investment environment.
- Another doubtful decision affecting the business climate is the law concerning the Free International Airport Marculesti adopted in August.¹¹⁶ Of course, residents of the new free economic zone (this airport is a free economic zone) will be protected by a much better “business microclimate). But the development vision of the country, which is based on economic zones isolated from the rest of economy through a “safe enclosure” (accordingly to Article 1 (7) of the law concerned), is objectionable.¹¹⁷ Just the name of “free economic zone”, “free economic port” or “free economic airport” raises negative associations in the mind of an investor willing to place capital outside of these “economic paradises” (and it could think that the economic activity depends on the rest of the country). So far, free economic zones did not fulfill any policy objectives targeted by the Government (attracting investments, developing technologies, developing the production for export, applying modern management experience, opening jobs). The continuation of this policy proves the persistence of a “myopic” vision regarding the long-term development model of the country.

¹¹⁶ Law # 178 from 10/07/2008 concerning the Free International Airport Marculesti;

¹¹⁷ See Expert-Grup, issue 3 of the publication *Realitatea Economica*, „Economie libera dupa garduri de beton”, May 2008.

Cooperation between border management agencies

Progress:

- The Border Guard Service has hosted two important bilateral visits aimed at collecting facts and strengthening international cooperation in the border management area. The first visit was paid by a delegation led by Mr. Gunars Dabolins, director of the Latvian State Border Guard Service, with the sides signing a bilateral cooperation protocol between the two institutions.¹¹⁸ The second visit was paid by a Georgian delegation made of officials from state migration institutions which collected facts regarding the work of the Border Guard Service, processes of development and implementation of migration policies at national level and methods used to prevent and combat the illegal migration, in particular, the biometrical border control.¹¹⁹
- On August 12, 2008, an official delegation from the European Agency FRONTEX¹²⁰ led by executive director Ilkka Laitinen visited the Moldovan Border Guard Service and met heads of the parliamentary commission for national security, defense and rule of law, deputy minister of foreign affairs and European integration and visited the Ministry of Information Development.¹²¹ During the visit, BGS and FRONTEX have signed a working arrangement on establishing operational cooperation, which refers to the exchange of information, coordination of joint operational actions, training and researching, and accession of Moldovan border guards to the FRONTEX Risk Analysis Network.¹²²
- During September 18-19, IOM organized a meeting with representatives of administrations of border guard services from Moldova, Romania and Ukraine, including heads of border crossing stations, with the purpose to open an operational training cycle in October and November at border crossing stations to identify victims of trafficking in human beings and strengthen the role of border guards in the national and transnational system of referring to assistance and protection. The training sessions also aim to raise the awareness over trafficking in human beings and strengthen international cooperation of services concerned in combating this phenomenon.¹²³

Shortcomings and problems:

- In connection with the upper water level in border rivers, the activity of the border crossing stations Criva–Mamaliga, Sculeni, Palanca–Maiaki-Udobnoe, Cosauti–Iampoli, Soroca–Techinovka was ceased. The activity of the border crossing station Otaci–Moghilev Podolsk was limited.¹²⁴ All border crossing stations reopened on August 22, except for the fluvial stations Cosauti–Iampoli and Bolshaya Krinitisa which go on with reconstruction works.¹²⁵

Migration evaluation and monitoring

- Under a July 24 order by President Vladimir Voronin, a single automatic information system will be built the next months to record the departure of Moldovan citizens to other countries and their comeback. NBS, MIA, BGS and MID are the authorities in charge with building this system.¹²⁶
- According to a survey conducted by Fin-Consultant RI Agency in August-September 2008, the migration is a major cause of the demographic decline in Moldova along with the fall of the birth rate and growth of the death rate.¹²⁷
- The Government has approved a plan aimed to encourage Moldovan migrant workers to come back home, which stipulates actions for 2008-2011, among which the opening of a national information centre to report opportunities relating to activity, business environment and Moldovan legislation. The plan aims to strengthen relations with Moldovan nationals from other countries and develop the entrepreneurial culture with the view to attract remittances in national economy.

International cooperation

- During September 4-5, 2008, Kiev hosted the 8th European conference of ministers in charge with migration-related problems themed “Economic migration, social development and unity: complex approach”, organised under the CoE aegis. The Moldovan delegation was led by Deputy Interior Minister Valentin Zubic. The goal of the conference was to stir up the migration-related dialogue and cooperation between CoE member states and develop a single policy on migration management. A declaration was adopted at the end of the

¹¹⁸Official visit of the delegation of the State Border Guard of the Republic of Latvia to the Republic of Moldova, 01.07.08, <http://soderkoping.org.ua/page18944.html>

¹¹⁹The delegation of Georgian state institutions has visited the Border Guard Service, communication by BGS from 10.07.08, www.border.gov.md/news368_m.htm;

¹²⁰FRONTEX is the EU agency for management of operational cooperation at external border of Member States;

¹²¹The course to a European integration and international cooperation in the border area, communication by the Border Guard Service from 12.08.08, www.border.gov.md/news393_m.htm;

¹²²Working arrangement between Frontex and the Republic of Moldova signed, 12.08.08, <http://soderkoping.org.ua/page20073.html>;

¹²³Moldovan border guards to be trained against trafficking in human beings, communication from 20.09.08, www.moldova.md/md/news1st/1211/1/2871;

¹²⁴Activity of some border crossing stations temporarily suspended, communication by BGS from 29.07.08, http://www.border.gov.md/news378_m.htm;

¹²⁵Local crossing point “Bolshaya Krinitisa – boat passage” on the Moldovan border closed for reconstruction after the flooding, EUBAM Newsletter, Issue 7, September 2008, www.eubam.org/files/500-599/589/Newsletter-7september-eng.doc;

¹²⁶An automatic information system will be built the next months to record the departure of Moldovan citizens to other countries, communication by Info-Prim Neo Agency from 25.07.08, www.azi.md/news?ID=50345;

¹²⁷Migration causes demographic decline in Moldova: survey, 17.09.08, <http://soderkoping.org.ua/page20751.html>

conference to encourage the development of efficient policies on settling migration-related problems faced by member states, and facilitate the bilateral and multilateral dialogue on migration.¹²⁸

- The Cooperation Platform of the Moldova-EU Mobility Partnership was launched in Chisinau on September 23, 2008.¹²⁹ The first joint projects within the Mobility Partnership will be implemented in 2009.¹³⁰

Harmonization of internal legislation with European norms

Progress:

- The law on labor migration was adopted on July 10, 2008 and it will enter into force on January 1, 2009. The law aims to regulate temporary work of immigrant workers, conditions to grant, extend and revoke the labor right and the right to temporary stay for labor purpose, as well as temporary employment conditions for Moldovan nationals working abroad.

Shortcomings and problems:

- The adoption of the draft law on the legal statute of adoption, which was delivered to the Parliament in March and was not passed in any reading, is late. According to the draft, priority will be granted to national adoptions and the international adoption will be accepted via organizations in charge with international adoption certified with the Ministry of Justice;
- Also, another two important draft laws – the draft law on foreigners and the new draft law on asylum – were not approved by Government and delivered to the Parliament in order to be adopted;
- The MIA-controlled temporary placement centre for illegal migrants opened in April does not have the normative framework on accommodation of foreigners. For this purpose, a number of normative acts including the Code on Administrative Contraventions, Code of Penal Procedure and Execution Code will be modified. Unfortunately, these changes are late while the centre is ready to work.

Visa facilitation policies

- Romania and Bulgaria have notified Moldova about the introduction of a simplified transit regime for Moldovan citizens. Thus, starting July 11 and 18, respectively, Moldovans who were issued visas for a Schengen member state, as well as for Denmark, Iceland, Norway, Cyprus and Bulgaria, and Romania or those who hold stay permits of these states do not need transit visas for Romania and Bulgaria any longer. Also, nor holders of stay permits issued by Switzerland and Liechtenstein are required transit visas. The new regime is due to the application of Decision # 582/2008/CE and Decision # 586/2008/EC of the European Parliament and Council of 17 June 2008 by Romania and Bulgaria.¹³¹
- During the visit by Mr. Lazar Comanescu, Minister of Foreign Affairs of Romania, and his meeting with Moldovan President Vladimir Voronin it was proposed to open a Moldovan consulate in Iasi and a Romanian consulate in Cahul in the near future. According to a MFAEI communication, the possibility to open consulates in Balti and Constanta on the basis of the reciprocity principle will be considered.¹³² It hints that the opening of consulates shall derive from talks on the signing of the state border treaty, which also conditions the signing of the small border traffic convention.
- The Italian Embassy will start working in Chisinau on October 1. For this purpose, the Italian side has built a two-floor building to host the consulate as well close to the Free International University of Moldova.¹³³
- Starting August, Moldovans are welcome to apply for Israeli working and touristic visas at the consular section in Chisinau, which the consul of the Kiev-based Israeli Embassy will visit each two weeks to apply the stamp. It is worth to note that representatives of the Israeli Ministry of Foreign Affairs recommended the Tel Aviv Parliament on July 23 to annul the visa regime with Moldova.¹³⁴

Trafficking in human beings: trends

- In response to the June 4, 2008 U.S. Department of State's Trafficking Report, a report on anti-trafficking actions taken by Moldovan Government in 2007 and in the first half of 2008 was worked out and presented at the July 29 sitting of the National Committee on Combating the Trafficking in Human Beings, chaired by Deputy Prime Minister Victor Stepaniuc. The deputy premier noted that the rating of Moldova in the 3rd category of countries facing grave problems by the U.S. Department of State is a signal that the anti-trafficking process in the country is faulty. Stepaniuc condemned the complicity of officials in the trafficking in persons and promised that decisive actions will be taken against all functionaries involved. In order to redress the situation, the Government and competent institutions are implementing special plans and

¹²⁸ European conference of ministers in charge with migration-related affairs, communication by MIA from 09.09.08, <http://www.mai.gov.md/stirile-min-ro/210876>;

¹²⁹ The Joint Declaration on the Mobility Partnership was signed on 5 June 2008 in Luxembourg within the meeting of the Council of EU Ministers of Justice and Interior Affairs, and it is a pilot instrument (signed with the Republic of Moldova and the Green Cape) aimed to consolidate cooperation in the area of migration, prevention and fight against illegal migration, trafficking in human beings, promote a policy on readmission and comeback of nationals by respecting human rights and relevant international tools for the protection of refugees, considering the individual situation of migrants.

¹³⁰ Moldova-EU Mobility Partnership, 23.09.08, <http://soderkoping.org.ua/page20716.html>;

¹³¹ Romania simplifies the transit regime, communication by MFAEI, 09.07.08, <http://www.mfa.gov.md/noutati/2957/>; Bulgaria simplifies the transit regime, communication by MFAEI, 22.07.08, <http://www.mfa.gov.md/noutati/3113>;

¹³² Consulates of Moldova and Romania to open in Iasi and Cahul, communication by MFAEI, 09.07.08, <http://www.mfa.gov.md/noutati/2955>;

¹³³ Communication by INFOTAG Agency from 18.07.08, <http://www.azi.md/news?ID=50228>;

¹³⁴ Moldovans will be able to get Israeli visas in Chisinau, press report by Reporter news agency from 06.08.08, <http://www.azi.md/news?ID=50504>;

measures, with many actions being planned for this year.¹³⁵ For this purpose, an additional action plan on preventing and combating the human trafficking in 2008 was approved.

- Prime Minister Zinaida Greceanii has approached the anti-trafficking issue during a July 29 meeting with coordinators of the U.S. Department of State for Moldova. Greceanii stated that the Moldovan Government is concerned with the trafficking problem and does its best to reduce this scourge. Representatives of the Department of State appreciated the efforts made by Moldova's Government in the 60 days granted after the report was released in order to remedy shortcomings of the anti-trafficking fight and supported the idea to consolidate the communication among structures in charge with this area.¹³⁶
- On July 24, Moldovan President Vladimir Voronin convoked decision makers from Government, law and control bodies in charge with combating the human trafficking. During the sitting, Deputy Prime Minister Victor Stepaniuc, chairman of the National Committee for Combating Trafficking in Human Beings, presented a report on current situation signaling some problems, including the lack of cogent statistics and professional analytical activities; the necessity to improve the mechanism of storing and evaluating data on illicitly immigrated persons; incomplete and inconclusive data provided by tourism agencies, which proves the eventual involvement of some tourism firms in trafficking in persons; insufficient protection of THB victims, inefficient actions aimed at repatriating these persons; the lack of an efficient and constructive cooperation between responsible state bodies and nongovernmental organizations from Moldova and other countries; inefficient work of CCTP and BGS. Finally, the chief of state instructed competent authorities to build a single automatic information system to record the departure of nationals to other countries and their comeback; to create a working group in charge with considering opportunities to improve the national legislation; to speed up the reorganization of CCTP; urged the SCJ and SCM to pay the necessary attention to offences related to trafficking in persons, penalties and legality of judges' work; to strictly monitor tourism agencies and report the situation in the area of preventing and combating the human trafficking to the Supreme Security Council every month.¹³⁷

Preventing THB and assisting victims

Progress:

- Last summer, CCTP has held an information campaign in summer camps for children jointly with organizations working in the field. CCTP offices presented the situation in the area, competences of the centre, reported statistics, destination countries of THB, international channels discovered and combated this year. These actions are part of efforts to implement the action plan on preventing THB and illegal migration in the summer period (June-August) of this year.¹³⁸
- On July 11, 2008, the Government decided to create the centre for the assistance and protection of victims and potential victims of THB, taking over in fact the control on the centre, which has been part of the IOM assistance program. Therefore, the centre has become a public institution subordinated to MSPFC and will be partly funded from the state budget and with the IOM support. The Government will gradually take over the responsibility to maintain the centre and protect beneficiaries.
- On August 7, 2008, the Government approved a special regulation on repatriation of THB victims, trafficking in illegal migrants, including unaccompanied children. THB victims will be repatriated by will, on the basis of a written agreement signed by them, except for children under 10 or on the basis of a written accord signed by legal representative of the person who accepts assistance in the repatriation process.

Shortcomings and problems:

- The Chisinau authorities have failed over the last months to repatriate five children who have illegally arrived to Italy, being brought to their relatives in Italy by their parents. The case was signaled to the National Committee on Combating THB led by Victor Stepaniuc, who said that a case in this regard is underway. IOM Moldova head Martin Wyss stated that this is a case of illegal migration not trafficking in children. The deputy minister of social protection, family and child, Lucia Gavrilita, said that the case shall be settled for the superior interest of the children, accordingly to international regulations to which the two countries are part. Therefore, Italian authorities will not give green light to the repatriation of the children without a demand in this regard by their parents. The parents of three children have not been found so far, while the parents of the other two children refuse to demand the repatriation of their kids. Deputy Prosecutor-General Vasile Pascari considers that the parents who have illegally sent their children should be deprived of their parent rights, so that the state to be able to represent the interests of the kids.¹³⁹
- The executive is late to approve the draft strategy of the National System of Referring THB Victims and Potential Victims. This programmatic document was promoted in the last two years and the piloting of the system under the MSPFC aegis in several rayons of the country proved its efficiency and durability.

Coordinating actions and combating human trafficking

Progress:

¹³⁵ The report on preventing and combating the trafficking in human beings in Moldova for 2007-2008 (1st semester) was presented on Tuesday within the sitting of the National Committee on Combating Trafficking in Human Beings, press release by cabinet of ministers from 30.07.08, <http://gov.md>;

¹³⁶ Communication by the governmental press service from 29.07.08, <http://gov.md>;

¹³⁷ Moldovan president convokes decision makers from Government, law enforcement and control bodies in charge with combating THB, press release by Presidency, 24.07.08, <http://www.president.md/press.php?p=1&s=6328&lang=rom>;

¹³⁸ Communication by MIA from 03.07.08, <http://www.mai.gov.md/stirile-min-ro/208422>;

¹³⁹ No way to repatriate five Moldovan children, press release by Info-Prim Neo Agency from 30.07.08, <http://www.azi.md/news?ID=50404>;

- The Ministry of Interior Affairs hosted the official visit of the acting chairman of the European Police Office EUROPOL, Max-Peter Ratzel, on July 4, 2008. Meetings focussed on ways to cooperate against border crossing crimes, including THB and illegal migration.¹⁴⁰
- The sitting of the Consular Club took place within the MIA/CCTP on September 19.¹⁴¹ Consular functionaries of embassies and consulates to Moldova were informed in connection with CCTP actions aimed to prevent and combat the illegal migration, in the light of discovering branches which issue fake documents and visas. Participants in the sitting concluded that intensifying the efficient cooperation between diplomatic missions and consular offices in Chisinau on the one hand and law enforcement bodies on the other hand will improve the management of migration process and help preventing negative phenomena such as illegal migration and THB.¹⁴²
- Law enforcement bodies have examined many THB cases in the period concerned, and condemned members of organized crime networks;
- The Cahul Court of Appeal has condemned members of a network of trafficking in children headed by Turkish national Istemez Mustafa Halil-Ogli to long-term detention. The convicts were operating in Moldova and Ukraine, were collecting information about potential THB victims, were recruiting them, issuing necessary documents and transporting them to Turkey. Istemez Mustafa Halil-Ogli has practiced this business for quite a long time and he had criminal records in Turkey as well. The Supreme Court of Justice has turned down the recourses by the suspects and the decision is definitive.¹⁴³
- The Botanica Prosecutor's Office has delivered to the Chisinau Botanica Law Court the criminal case opened against citizen Ursachi Rodica under Article 165 (2) (d) of Criminal Code of Moldova. According to the evidence attached to this case by prosecutors, in November 2007, in order to raise benefits from prostitution, Ursachi Ghenadie has lured a young woman to practice prostitution in Turkey, bought her a bus ticket for the Chisinau-Odessa itinerary and he took a flight at the Odessa International Airport and left for Istanbul, where Ursachi Rodica and Turkish nationals waited for the victim, tortured her, disposed her of documents, sheltered her in house in Turkey for about 2-3 months and forced her to practice prostitution, in order to pay off a debt.¹⁴⁴
- On July 25, 2008, a penal case regarding citizen Afonina Olga accused under Article 165 (trafficking in human beings) (2) b), d) of Criminal Code of Moldova was submitted to the Botanica Law Court on July 25, 2008. It was established that in November 2007 Afonina Olga along with unidentified persons recruited two persons to practice prostitution abroad, abusing of their vulnerability. She was issuing on her own all the documents needed to send them to the Cyprian city of Larnaca, bought them air tickets and committed herself to employ them in a prostitution club. Police officers held Afonina Olga when she tried to introduce the two victims in the Chisinau Airport.¹⁴⁵

¹⁴⁰ Bilateral dialogue on combating border cross crimes, MIA communication from 04.07.08, <http://www.mai.gov.md/stirile-min-ro/208442>;

¹⁴¹ The Consular Club was created by MFAEI to consolidate and develop relations between Moldovan authorities and diplomatic missions and consular offices to Moldova in the light of an open and permanent dialogue.

¹⁴² MFAEI and MIA cooperate to inform the diplomatic community in connection with actions aimed at combating the illegal migration and trafficking in human beings, MFAEI communication from 19.09.08, <http://www.mfa.gov.md/noutati/3202>;

¹⁴³ An ample network sentenced on human trafficking charges, communication by the Prosecutor-General's Office, 07.07.08, <http://www.procuratura.md/md/news/1211/1/2495>;

¹⁴⁴ Invited to practice prostitution, communication by the Prosecutor-General's Office from 13.08.08, <http://www.procuratura.md/md/news/1211/1/2543>;

¹⁴⁵ Communication by the Prosecutor-General's Office from 19.08.08, <http://www.procuratura.md/md/news/1211/1/2550>;

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The concept of this project was born in a dynamic political context, which was determined by political, economic, and social factors. In this context, implementation of the E.U.-Moldova Action Plan will be a complex and an important task as well. The Government, the MFAEI, the National Commission for European Integration and other central public authorities will play a key role in the enforcement of 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 organization, which is acting in the Republic of Moldova. ADEPT was registered in January 2000 and gained status of an organization 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 organization, 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 organization 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.