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**Implementation of reforms initiated accordingly to EU-Moldova Action Plan,
Assessment of progress in October-December 2008**

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ABBREVIATIONS AND ACRONYMS

ATP - Autonomous Trade Preferences;

BGS – Border Guard Service;

CCA – Audiovisual Coordinating Council;

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;

COEST - Working Group on Eastern Europe and Central Asia;

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;

EPNI - European Partnership and Neighbourhood Instrument;

EU – European Union;

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

EUMAP – European Union – Moldova Action Plan;

FDI – Foreign Direct Investments;

IOM – International Organisation for Migration;

LPA Reform – Local Public Administration Reform;

MFAEI – Ministry of Foreign Affairs and European Integration;

MIA – Ministry of Interior Affairs;

MID – Ministry of Information Development;

MJ – Ministry of Justice;

MLPA – Ministry of Local Public Administration;

MSPFC – Ministry of Social Protection, Family and Child;

MTEF - Medium Term Expenditure Framework,

NBM – National Bank of Moldova;

NBMi – National Bureau for Migration;

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

NCEI – National Commission for European Integration;

NHRAP –National Human Rights Action Plan;

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;

PRGF – Poverty Reduction and Growth Facility;

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;

INTRODUCTION

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 has constantly developed in the 4th quarter of 2008. Moldova's inclusion in the draft Eastern Partnership, a new EU initiative aimed to deepen relations with former Soviet neighbours, was the key achievement. As well, there were meetings of EU-Moldova cooperation bodies, visits by Moldovan and European officials to Brussels and Chisinau, bilateral meetings with high-ranking officials from EU member states. On those occasions, Moldova tried to persuade that it is ready to negotiate an enhanced legal framework with EU and get diplomatic support from EU member states for urging the approval of the European Commission's negotiating mandate on future EU-Moldova Agreement. In their turn, European officials stressed importance of qualitative reforms and democratic parliamentary elections in 2009 for future EU-Moldova relations.

Moderate evolutions and deepening of formerly reported problems were observed in the area of democratic institutions. Achievements include among others: consolidation of legislation on the rights of the child, employees and inmates; introduction of a civil control on prisons and Centre for Combating Economic Crimes and Corruption; adoption of a National Strategy for the Development of Civil Society for 2009-2011; adoption of the law on transparency in the decision-making process. On the other hand, the human rights (freedom of expression, anti-torture right, right to a fair trial, right to property, electoral right etc.) were continuously violated and, therefore, ECHR sentenced Moldova and obliged it to cover damages. Other problems were related to wrong enactment of the law on public assembly by police bodies, "freezing" of dialogue between civil society and central public authorities; violation of press freedom; maintained (self) censorship in public media institutions; delayed adoption and enforcement of some laws in the field; imperfect application of legislation on human rights or its ignoring by the decision-making bodies.

Consolidation of administrative capacity

Although some important legislative and normative acts were adopted and certain institutional actions were undertaken in the period concerned, *essential developments were observed* neither in the area of Central Public Administration Reform (CPA Reform), which was not completed in the due term, nor in the area of Local Public Administration Reform (LPA Reform) which stagnated because of failure to operate the administrative decentralisation, ensure autonomy of local public funds, and other related problems. *Shortcomings and problems are generally the same*, being fuelled by inconstant measures, lack of resources and excessively politicised public administration at all levels. Authorities took some normative actions to enhance transparency, prevent and combat corruption, but implementation mechanisms have been imperfect so far and halted the planned impact and real effect of reforms in the area. Even more, central authorities themselves criticised the efforts of bodies in charge with preventing and combating corruption, ordering ad-hoc institutional reorganisations which produced reshuffles and functional instability.

Transnistrian conflict

Multiple diplomatic efforts in the period concerned failed to resume the "5+2" negotiation process. During the Helsinki summit the OSCE Ministerial Council could not adopt the Final Declaration, as well as the Declaration on Moldova, as the Russian Federation did not warm them. Within the second meeting in December 2008, President Vladimir Voronin and Transnistrian leader Igor Smirnov discussed prospects to resume the "5+2" negotiations, actions to be taken to build mutual confidence, with talks focussing on conditions to ensure free movement of people and goods between the two banks of the Dniester. It was agreed to continue the dialogue and consultations in a "2+1" format (Russia, Transnistrian region, Republic of Moldova) with the purpose to restart negotiations on the definitive settlement of the Transnistrian conflict. On the other hand, Transnistrian authorities were reticent over initiatives by civic organisations aimed to strengthen confidence-building actions between the two banks of the Dniester, saying that they are an emanation of western institutions which support the resumption of the "5+2" negotiation process.

Justice

Key evolutions were due to activity of SCM, specialised international assistance and efforts by some local institutions which assist the reformation of the judiciary. The adoption of the law on Prosecutor's Office is regarded as an achievement of priorities, but it is hard to assess its impact since the prosecution system is closed so far, internally coordinated, subordinated to higher levels and liable to political interference via its leadership. The justice does not enjoy a full independence, while material and financial ensuring remains a serious problem. Suspicions and accusations of corruption brought against this system still persist; actions aimed to ensure transparency of justice are not implemented for subjective reasons (lack of material and financial resources, qualified staff, delayed decisions etc.). A certain evolution in terms of implementation of some alternative actions was observed due to work of prosecutor's office and probation services, but opening of mediation procedures is still problematical.

Economic development and reforms

Maintaining a one-digit inflation rate and growing GDP despite global recession in the 2nd semester was the main progress at the end of the year. Wages rose by 23.6 percent in 11 months of 2008, compared with the same period of 2007. So far, salaries in education sector are much below average on economy and had the slowest rise pace this year. The world economic crisis is being experienced by Moldova. Remittances are on the decline and will reduce internal consumption. The external demand is on the decline, too, and exporters have already felt it. Despite positive macroeconomic forecasts published in Medium Term Expenditure Framework (MTEF) and Monetary and Currency Policy of NBM for 2009, unexpected factors may influence them in conditions of a crisis year. An important aspect is the adoption of the new Law on Chamber of Auditors, which provides the necessary normative framework for auditing and gives more objectiveness to controls and audit, as public authorities cannot influence the modification of action programme.

Social development and reforms

A number of positive evolutions, as well as problems and shortcomings in the area of social development and reforms were observed in October-December 2008. The following areas were monitored: social dialogue on employment, gender equality, health and safety at work, social protection and integration, public health. Important legislative achievements were particularly observed in the field of social dialogue on employment and social protection and integration. Some serious failures were signaled, in particular, the delayed approval of the national strategy on ensuring gender equality in Moldova and the National Strategy on Social Inclusion of Disabled People (2009-2013).

International trade

Mixed evolutions were observed in the **foreign trade** area in the last quarter of 2008. Trade relations with European Union are developing very well, particularly with Romania. This country is now a strong leader for Moldovan exports. On the other hand, the global economic crisis will affect Moldova's commercial relations with other countries. Although these risks did not turn yet into statistics, there are signals that the demand for some Moldovan exports (especially those going to the east) is on the decline. At the same time, slowing remittance inflows could moderate the internal demand and imports. ATP-provided advantages were used up in terms of wine and sugar exports, and partly for grains supplies to European market. However, not all commercial opportunities were used up, inclusively because of serious internal barriers. Removing these obstacles will be an important condition for building a free economic zone between Moldova and EU. A positive dynamic was observed in terms of adjusting national normative framework to EU regulations on sanitary and phytosanitary norms. But it is hard to assess now if legislative Progress are translated into practical progress, given the accelerated legislative efforts in the second half of 2008.

Business climate

Large inflows of investors were observed in the 4th quarter after foreign direct investments have grown much in the first three trimesters of 2008. Key Progress in consolidating the investment climate are: the adoption of the draft customs procedure code, modification of the law on normative price and sale-purchase of land and recommendation of new tools to settle conflicts with fiscal tax payers. Economic agents who suffered after the Russian Federation introduced the commercial embargo in 2005-2006 were definitively forgiven of repatriation of currency that they could not collect from Russian partners. The list of failures which damaged the image of investment climate should begin with a new case lost by Moldova in front of ECHR and a 6.7-million-euro compensation that ECHR obliged Moldova to pay to the German company Unistar Ventures GmbH. Preliminary data for the 4th quarter reveal that the initiative to legalise capital was a complete failure. The fiscal amnesty operated in 2007 has found a specific continuation, with many energy enterprises being unconditionally forgiven debts towards state and some state companies.

Border, migration and trafficking in human beings

The Parliament has approved the Strategy for the National Referral System (NRS) concerning the protection and assistance of victims and potential victims of trafficking in human beings and the Action Plan on implementation of the Strategy for 2009-2011. The strategy aims to integrate the existing system of protection and assistance of victims of trafficking in human beings into the social assistance system, being an essential tool for the implementation of the law on preventing and combating trafficking in human beings. The law on legal status of adoption was adopted to regulate legal relations on protection of child's rights through adoption, cooperation of public administration authorities with nongovernmental organisations and international cooperation in the area. The operation of EUBAM was appreciated as a successful story and Moldovan authorities seek the extension of its mandate.

Political dialogue: overview

- The 9th Meeting of the EU-Moldova Cooperation Committee took place on October 3, 2008 and assessed progress made by Moldova in the last round of implementation of the EU-Moldova Action Plan in terms of political dialogue and reforms, justice and interior affairs, political cooperation with EU, customs cooperation, trade, market and regulatory reform etc. Representatives of the European Commission welcomed Progress made by Moldova in implementing European standards in some areas and tabled recommendations aimed to consolidate accomplishments. At the same time, the European Commission was reserved in connection with fulfilment of Moldova's commitments, in particular:
 - Not to apply discriminatory commercial practices;
 - To improve the investment climate (in banking and insurance sectors);
 - To implement European competition practices;
 - To avoid pressure against the opposition and interference of authorities into judicial process;
 - To revise amendments to the Election/ Code in compliance with recommendations by the Venice Commission;
 - To ensure the fairness of Teleradio-Moldova Company, particularly in pre-electoral and electoral periods;
 - To intensify the fight against trafficking in human beings;
 - To finalise the prosecution reform;
 - To ensure feasible results of the anti-corruption fight and clearly delimit competences of CCECC, MIA and Prosecutor's Office.
- Informal EU-Moldova consultations on future Moldovan-EU legal agreement continued.
- On October 13, 2008, the EU General Affairs and External Relations Council (GAERC) adopted the Conclusions concerning the Republic of Moldova,¹ which say that: 1) **The EU is ready to have a deeper relationship with the Republic of Moldova in the framework of the European Neighbourhood Policy and to negotiate a new and ambitious agreement with Moldova.** The new agreement will go beyond the current Partnership and Cooperation Agreement and will include the aim of a comprehensive and deep free-trade area; 2) **The pace and quality of reforms in the Republic of Moldova (especially for strengthening the rule of law and implementing commitments on human rights and fundamental freedoms” will affect the nature of its relations with the EU. The EU attaches particular importance to the parliamentary elections in the spring of 2009 being conducted in a democratic manner**²; 3) The EU will increase its engagement in efforts to resolve the conflict in Transnistrian region, reaffirms its attachment to the sovereignty and territorial integrity of the Republic of Moldova, and calls on all the concerned to resume negotiations in the “5+2” format and work together on confidence-building measures.
- On November 25, 2008, heads of EU missions, the European Commission Delegation and the EU Special Representative Office released a joint declaration on situation in the Republic of Moldova before the 2009 parliamentary elections.³ Ambassadors **raised concern with preparations for the future parliamentary elections**, as a number of political parties have signalled difficulties to comply with new procedures introduced by the law on political parties, while the number of criminal charges filed against opposition politicians is on the rise. Ambassadors asked Moldovan authorities to modify the Election Code in line with recommendations by OSCE/ODIHR and Venice Commission of the Council of Europe and relevant ECHR jurisprudence. At the same time, the declaration stresses the importance of editorial independence of public broadcasters and their pluralism in electoral campaign, as well as the importance of guaranteeing access to the media to all parties involved in elections and ensure a fair media coverage of the electoral process.⁴
- On December 3, 2008, the European Commission released the Eastern Partnership Concept, an initiative on deepening political and economic relations with 6 former Soviet neighbouring countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.⁵ The initiative stipulates a deeper political engagement of the 6 countries in relations with the EU, inclusively by signing Association Agreements with the EU; a progressive integration in the EU economy; facilitates travelling of citizens from this region to the EU, with the condition to meet certain security requirements; establishing of more concrete modalities to ensure energy security, which would advantage all the sides involved and increasing the EU financial assistance. The Eastern Partnership will be implemented in the framework of the European Neighbourhood Policy (ENP).
- On December 12, 2008, the European Commissioner for External Relations, Mrs. Benita Ferrero-Waldner raised concern with the Audiovisual Coordinating Council (CCA) decision to refuse the prolongation of the broadcasting licence of the TV station PRO TV Chisinau, warning that the press freedom is a principle of efficient democracy which Moldovan authorities must respect, particularly on the eve of the parliamentary elections in the spring of 2009.⁶
- Between October 22-23, Strasbourg hosted the 11th meeting of the EU-Moldova Parliamentary Cooperation Committee. It discussed recent social-economic developments in the Republic of Moldova, preparations for the

¹ http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/gena/103287.pdf.

² During Moldovan-EU meetings, EU representatives have stressed the necessity for Moldova to increase internal efforts for an efficient implementation of ongoing reforms in the area of rule of law, human rights, press freedom, and organise the 2009 parliamentary elections in compliance with democratic standards (E.g. 11th meeting of the Parliamentary Cooperation Committee).

³ http://www.communicate.md/index.php?task=articles&action=view&article_id=559.

⁴ Moldovan authorities have denied the problems signalled in the declaration by heads of diplomatic missions in Chisinau, especially those related to respect for political pluralism, saying that the signatories of the joint statement did not request the formal position of the authorities regarding the signalled issues before releasing the statement. See www.justice.gov.md, 26.11.2008.

⁵ http://www.delmda.ec.europa.eu/whatsnew/press_releases_en.html.

⁶ http://www.delmda.ec.europa.eu/whatsnew/press_releases_ro.html.

2009 parliamentary elections in the context of the process of European integration of Moldova. It also discussed the necessity of increasing internal efforts in order to implement efficiently the ongoing reforms in the area of rule of law, human rights, and press freedom.

- Brussels hosted the Meeting of the EU-Moldova COEST Troika on November 20, 2008. The meeting tackled issues related to the implementation of internal reforms in Moldova, Transnistrian problem, implementation of the visa facilitation agreement and objectives of the Moldova-EU political dialogue during the Czech EU Presidency.
- NCEI has convened in several sittings and discussed the evolution of the EU-Moldova political dialogue, pace and result of internal reforms implemented accordingly to the 2008 European Integration Agenda, and set the goals of the EU-Moldova political dialogue for 2009, inclusively the preparation of the negotiation team to negotiate a new legal agreement with the EU.
- Meetings on the Mobility Partnership took place.

Democratic Institutions

Electoral Process

Progress:

- The Central Electoral Commission (CEC) has organised several training seminars for potential members of electoral constituencies for the 2009 parliamentary elections (with the financial support of the International Foundation for Electoral Systems (IFES)), and a seminar on electoral matters for CEC members, representatives of local public administration and political parties registered in Moldova (with the financial assistance of the European Commission for Democracy Through Law).
- The Ministry of Justice has registered changes to statutes of the following parties: Liberal Party, Liberal Democratic Party of Moldova, Party of Socialists „Patria-Rodina” (Homeland) of Moldova, Ecological Party „Alianța Verde” (Green Alliance) of Moldova, Agrarian Party of Moldova, Centrist Union of Moldova and Social Political Movement „Ravnopravie” (Equality).
- According to a report by the Venice Commission concerning amendments to the Election Code adopted on April 10, 2008, some previous recommendations by the Commission regarding the modification of the Election Code were partly implemented, in particular: to bring in line the provision for the denial of the right to vote for prisoners; to abide by the principle of presumption of innocence proceedings in those cases of violations of the law that can lead to the revocation of a candidacy; to better ensure the secrecy of the vote; to introduce a centralised and permanent register of voters etc⁷.

Shortcomings and problems:

- The Venice Commission has bitterly criticised the amendments to the Election Code which increase the electoral threshold from 4 up to 6 percent, remove electoral blocs, restrict holders of dual citizenship to participate in elections and run public offices⁸. According to the Commission, these regulations contravene to the Constitution of the Republic of Moldova, Code of Good Practice in Electoral Matters of the European Commission, other European conventions joined by Moldova. The new amendments do not meet previous recommendations by the Commission, of which: to modify the electoral system, so that to facilitate the participation of national minorities in public life; not to increase the existing thresholds for winning seats, to cancel the possibility to recall CEC members and to remove turnout requirements for elections to be recognised as valid, to clarify the decision-making authority of members of the Central Electoral Commission, etc.
- State bodies continued to take actions against leaders of opposition parties. The latter described them as political actions aimed at personal suppression and targeting against their parties⁹.
- The Ministry of Justice has refused to register: 1) changes to the statute of the Republican Popular Party (PPR), invoking that they do not correspond to the law on political parties; 2) Vasile Tarlev as chairman of the Centrist Union of Moldova because he was elected through an open, not secret voting as stipulated by the UCM statute.¹⁰ PPR representatives claimed that the ministerial decision is political and aims to obstruct PPR to participate in the 2009 parliamentary elections and sued the Ministry of Justice¹¹. UCM described as groundless the arguments on which the ministerial decision was based, but met it and convoked an extraordinary congress of UCM to elect Vasile Tarlev as UCM chairman through a secret voting¹².
- The European Court of Human Rights (ECHR) assessed the violation by Moldovan Government of the right to be elected of Alexandru Tanase, after enacting Law # 273 which restricts holders of multiple citizenships to run to the Parliament, to run leading government offices and to hold certain functions in public service¹³. This decision makes a judicial last for other citizens of Moldova who hold multiple citizenships and will be able to sue the Moldovan Government in the ECHR on the basis of the same accusations.

⁷ [http://www.venice.coe.int/docs/2008/CDL-AD\(2008\)022-e.asp](http://www.venice.coe.int/docs/2008/CDL-AD(2008)022-e.asp).

⁸ Idem.

⁹ The case filed on the name of Mayor-General Dorin Chirtoaca, deputy chairman of the Liberal Party, under charges of „exceeded service-related competences”, case on cigarette smuggling in 1998 filed on the name of Vlad Filat, chairman of the Liberal Democratic Party of Moldova, who is also cited in two cases relating to illegal privatisation of the Rezina-based cement plant and civil aircraft transaction from 1998. a case filed vs. Serafim Urechean, chairman of the „Moldova Noastra” Alliance (AMN), under charges of forgery and use of fake official documents.

¹⁰ www.justice-gov.md (communications from 3 and 18 November 2008).

¹¹ The Court of Appeal awarded victory to PPR on 26 December 2008, www.ppr.md.

¹² The 5th Extraordinary Congress of UCM from 13 December 2008, www.ucm.md.

¹³ Law # 272-XVI concerning the modification and completion of some legislative acts from 7.12.2008, //Monitorul Oficial 84-85/288, 13.05.2008.

Human rights

Progress:

- The local public administration applies the law on public assembly.
- New ombudspersons were nominated for a 5-year term.¹⁴

Shortcomings and problems:

- During October-December 2008, the European Court of Human Rights (ECHR) pronounced 21 decisions on cases vs. Moldova: *Mancevschi vs. Moldova*, *Tudor-Comert vs. Moldova*, *Panzari vs. Moldova*, *Boboc vs. Moldova*, *Malai vs. Moldova*, *Russu vs. Moldova*, *Tanase and Chirtoaca vs. Moldova*, *Unistar Ventures GmbH vs. Moldova*, *Tudor-Auto S.R.L. (no. 1), Triplu-Tudor S.R.L. and Tudor-Auto S.R.L. (no. 2) vs. Moldova*, *Avram vs. Moldova*, *Levinta vs. Moldova*, *Navoloaca vs. Moldova*, *Gatcan vs. Moldova*, *Mereniuc vs. Moldova*, *Lozinschi and Rujavnita vs. Moldova*, *Aroma Floris vs. Moldova*, *Blidari vs. Moldova*, *Harovschi vs. Moldova*, and *Jutov vs. Moldova*.¹⁵ In these cases, the applicants claimed the violation of the rights to a fair trial, effective recourse, protection of property, life, the right to be assisted by an attorney, the use of torture, the right to freedom and security. In seven cases the Court ordered the erasing of applications from its register because they were inadmissible or groundless or after the signing of amicable accords between Moldovan Government and the applicants¹⁶. In the other cases, the ECHR sentenced Moldova and ordered it to cover damages and expenses of applicants. Moldova is due to pay about 6,760,000 Euros after losing the most “expensive” case worth 6.7 million at ECHR to Unistar Ventures GmbH.
- Policemen often violate Law # 26-XVI from 22.02.2008 on public assembly by getting involved in organisation of assemblies or stopping them on the basis of groundless reasons¹⁷. Most of police interventions turned into holding of organisations or opening of administrative proceedings¹⁸.
- According to the Freedom House organisation, the situation relating to political rights in Moldova has degraded in 2008 compared with 2007, particularly because of biased budgetary allocations, new restrictions on access to information and politicised anti-corruption investigations¹⁹.

Prevention of torture. Rights of prison inmates

Progress:

- A civic control (monitoring) on prisons was introduced to guarantee human rights.²⁰ The monitoring will be operated by permanent commissions made of civil society representatives and set in each 2nd-level administrative territorial unit which host prisons. The law regulating relations established in connection with monitoring of prisons enters into force in February 2009.
- Under the law on amnesty,²¹ 289 detainees were amnestied and released from prisons nationwide, and the jail term for another 155 inmates was reduced.
- The Penal Code of Moldova was modified and completed to liberalise criminal penalties, humanise criminal sanctions, decriminalise certain criminal components and adjust the penal framework of Moldova to the European Convention for the Protection of Human Rights and Fundamental Freedoms²².
- A renovated healthcare centre endowed with modern equipment for medical investigations has reopened in the Rusca-based Prison # 7. It will provide a better healthcare to female detainees there²³.
- A new regulation of the Department of Penitentiary Institutions (DIP) was approved to set basic functions, competences and rights of the Department, modality of organisation of its functioning, rights and responsibilities of DIP Director-General²⁴.
- Employees of the penitentiary system attended informative-instructive seminars on national and international mechanisms of protection and respect for human rights, while inmates were informed in connection with legal regulations on access to information, personal security, correspondence, education and other guarantees and rights for detainees²⁵.
- Conditions and form of the contract on granting of psycho-social assistance to former detainees were approved²⁶.

Shortcomings and problems:

¹⁴ PD # 222-XVI 30.10.2008.

¹⁵ According to www.lhr.md and <http://www.echr.coe.int/echr>.

¹⁶ Damages go to applicants and cases ended with amicable resolution accords.

¹⁷ Protests held by the Liberal Party on October 8, 2008 to demand the pullout of Russian troops from Moldova; the holding of participants in a flash-mob in front of the Interior Ministry on 18.12.2008; the case of Anatol Matasaru from 18.12.2008.

¹⁸ According to the comparative research on respect for the freedom of meetings in Moldova in 2007-2008 worked out by Promo-Lex Association, CREDO and Acces-Info Centre, majority of cases were quashed by law courts and this is a proof that meetings were illegally ceased or dispersed, www.promolex.md.

¹⁹ Freedom in the World 2009, www.freedomhouse.org.

²⁰ Law # 235-XVI from 13.11.2008 concerning civil control on respect for human rights in prisons.

²¹ Parliament Decision # 188-XVI from 10.07.2008.

²² Law # 277-XVI from 18.12.2008.

²³ The centre was opened with the joint financial support of Moldovan Government and United Nations Population Fund (UNFPA). It is not clear from what sources doctors from this centre will be remunerated.

²⁴ Government Decision #1310 from 24.11.2008 concerning the Department of Penitentiary Institutions.

²⁵ The events were part of the Week of Dignity and Justice for Detainees (during 6-12.10.2008) – an action planned in the context of celebrating this year the 60th anniversary of the Universal Declaration of Human Rights, www.justice.gov.md.

²⁶ MJ Order # 560 from 31.12.2008.

- In spite of some actions taken to facilitate the social adaptation of former detainees, they are not part of a unitary and efficient system of social adaptation of former inmates. (**Chapter 14 of NHRAP²⁷; Objective (4) of EUMAP**).
- Temporary detention facilities were not transferred from Interior Ministry's jurisdiction to the Ministry of Justice (**Chapter 7 of NHRAP; Objective (4) al PAUERM**)²⁸.
- Overcrowded prisons and detention conditions are so far a problem of the national penitentiary system²⁹.
- Actions taken by authorities are not enough to combat the torture. The Council of Europe's Committee for the Prevention of Torture (CPT) said in a report on results of the 4th visit to Moldova in 2007 that the police keep ill-treating often and some actions may be regarded as torture. Ill-treatments are usually recorded in temporary detention facilities controlled in continuation by the Interior Ministry. As well, there were cases of verbal and physical ill-treatment at the psychical-neurological home in the village of Cocieri³⁰.

Rights of employees

Progress:

- The February 14, 2002 Law on remuneration and Labour Code were completed and modified.³¹ The amendments give more independence to economic agents and social partners to organise the remuneration of employees, depending on their financial possibilities. In particular, they brought regulations on tariff and non-tariff salary systems, minimum guaranteed salary scale in real sector, compensations in case of insolvency of economic agent etc.
- Law # 140-XV from 10.05.2001 concerning the Labour Inspection was modified and completed³². The completions introduced a new chapter on mode, conditions and procedure of performing a state control on respect for legislative and normative acts in the area of labour and issuing of notifications to facilitate the work of Labour Inspection.
- The Labour Inspection fined a number of employers for violating the conditions of work³³.
- A decision on free housing of young graduates from higher and post-graduation resident institutions assigned and employed by public (budgetary) institutions from villages (communes) was approved³⁴.
- The action plan on encouraging the comeback of Moldovan migrant workers from other countries was approved³⁵. The actions will be implemented in 2008-2010 accordingly to financial limits set for institutions in charge.
- Three labour and migration information centres opened in Cahul, Chisinau and Balti³⁶. They provide information about vacancies nationwide and advisory for legal employment abroad.

Shortcomings and problems:

- High salary arrears are continuously recorded in agriculture sector³⁷.
- The number of wages paid "in envelopes" is on the rise³⁸. An efficient mechanism against informal economy is unavailable.
- The lack of a law on existence minimum adjusted to the minimum consumer basket is a problem related to those faced by employees at present³⁹.

Rights of the child

Progress:

- The National Plan on preventing and combating the child violence in 2009-2011 was approved⁴⁰.
- The law on legal status of adoption was adopted⁴¹. It sets up basic principles of adoption, legal status of adoption, competences of tutelary authorities in the area of adoption, criteria on adoption procedure, regulations on preventing illegal adoption and responsibility for violation of legal norms and child rights, etc.
- The Labour Inspection has recorded many cases of involvement of minors in works under hard and inappropriate conditions.

Shortcomings and problems:

- So far, the right to protection against violence and negligence is breached in Moldovan schools. Verbal and physical ill-treatment in schools committed inclusively by teachers was signalled by the Child Rights Information Centre Moldova in a monitoring report by a working group of children in charge with monitoring the child rights⁴².

²⁷ The action was stipulated by NHRAP for 2004.

²⁸ Government Decision #113 from 03.02.2007 stipulated the transfer of IDP from Interior Ministry's jurisdiction to the Ministry of Justice in 2007.

²⁹ This problem will persist for a long time, despite Government's actions to redress the situation.

³⁰ <http://www.cpt.coe.int/documents/mda/2008-12-04-eng.htm>. Although the report describes the situation in 2007, the state of things did not change much, as there are many cases of physical abuses or ill-treatments by police so far.

³¹ Law # 242-XVI 20.11.2008.

³² Parliament Decision # 304-XVI 25.12.2008.

³³ www.inspectiamuncii.md.

³⁴ Government Decision #1259 from 12.11.2008.

³⁵ Government Decision # 1133 from 09.10.2008.

³⁶ www.anofm.md.

³⁷ www.maia.gov.md, report from 25.11.2008.

³⁸ www.reporter.md, 23.10.2008.

³⁹ A draft law concerning the essential living in Moldova was worked out and delivered to the Parliament by a group of lawmakers in October 2008.

⁴⁰ Government Decision #1344 from 01.12.2008.

⁴¹ Law # 295-XVI 25.12.2008.

⁴² <http://www.childrights.md>.

- Children whose parents are abroad are short of state support so far.

Honouring of Council of Europe recommendations / Execution of ECHR decisions

Progress:

- The Parliament ratified the Convention against Doping, a convention on sport matters supported by the Council of Europe, and the Additional Protocol to the Convention against Doping⁴³.
- The Prosecutor-General's Office initiated regress actions in some cases vs. Moldova pronounced by the ECHR⁴⁴.
- Definitive ECHR decisions are generally executed on time.

Shortcomings and problems:

- Moldova keeps being behind with honouring the schedule of legislative actions assumed in compliance with commitments of CoE member states. The failure to adopt a new law on status of the Chisinau municipality is part of shortcomings⁴⁵.
- Despite many talks about actions to prevent further sentencing of Moldova by the ECHR, little was done for this purpose. The number of cases lost by Moldova in front of ECHR increased by 33 percent in 2008, compared with 2007⁴⁶.
- No decision on regress actions against persons who are to blame for the sentencing of Moldova by the ECHR was made so far, except for the case of Anatolii Cuptov.

Cooperation with civil society

Progress:

- The Parliament adopted the Strategy for Civil Society Development for 2009-2011⁴⁷. It sets up values and principles of cooperation and relations between public administration and civil society and stipulates actions aimed to facilitate a sustained development of the associative sector, inclusively at local level. The draft strategy was discussed with more than 300 nongovernmental organisations within regional consultations (Balti, Comrat, Cahul, Chisinau, organisations from Transnistrian region).
- The regulation of the Civil Council for the monitoring of the Centre for Combating Economic Crimes and Corruption was set and approved⁴⁸ and a civil control (monitoring) on prisons was introduced to guarantee respect for human rights.

Shortcomings and problems:

- The dialogue of authorities with civil society is not very open. A dose of formalism is maintained in involving NGOs in promotion of public policies and drafting of public policy documents.
- The National Council for Participation, an initiative tabled by the new Government in June 2008, is almost non-operational⁴⁹.
- Few NGOs could provide a qualitative expertise to public authorities for drafting public policies.
- There are few active NGOs in rural areas, particularly because of problems relating to financial viability.

Freedom of media and access to information

Progress:

- Ministries have revised their websites and update them with regularity. However, their information consistence leaves much to be desired and the information published on websites is limited.
- The law on transparency in the decision-making process⁵⁰ was adopted and promulgated to optimise the decision-making process and enhance responsibility of public authorities by involving the public in decision-making process. The law sets principles and procedures of consultation and participation of citizens and civil organisations in decision-making process.

Shortcomings and problems:

- Objective (9) of EUMAP was not fully accomplished. It stipulates state financial assistance to mass media provided on the basis of strict and fair criteria in effect for all the media;
- Many nongovernment organisations, international organisations and political parties raised concern with the refusal of the media watchdog CCA to extend the broadcast licence of the PRO TV station, which was described as an attempt on press freedom and intimidation of free media. According to specialised NGOs, derogations from legislation in effect imputed to PRO TV are irrelevant and singular and they are groundless for such a CCA decision⁵¹.

⁴³ Law # 247-XVI from 27.11.2008 and Law # 248 from 27.11.2008.

⁴⁴ Cases Bită and others, Ungureanu, Gutu, Corsacov vs. Moldova.

⁴⁵ Parliament Decision # 284-XVI from 11.11.2005.

⁴⁶ 2,442 pending applications vs. Moldova in 2008, compared with 1,830 in 2007, www.lhr.md.

⁴⁷ Parliament Decision #267-XVI from 11.12.2008.

⁴⁸ Government Decision #1210 from 29.10.2008.

⁴⁹ The council was set to consult civil society, business environment and development partners in the process of drafting, implementing, monitoring, assessing and updating strategic planning documents of the country.

⁵⁰ Law # 239-XVI from 13.11.2008.

⁵¹ www.api.md, www.mae.ro, www.amn.md, www.pldm.md etc.

- Some CCA decisions⁵² raise reservations among nongovernmental media organisations regarding independence of CCA.
- The police often ill-treat or intimidate journalists while the latter do their job.
- The accreditation of foreign journalists is delayed or refused without motivated reasons.
- The World Press Freedom Index 2008 signals a serious degradation of freedom in Moldova, ranking our country on the 98th place, compared with the 81st in 2007⁵³. The press freedom index (Freedom of the Press) for 2008 conducted by Freedom House ranks Moldova among non-free countries and signals a serious degradation of the press freedom the last year⁵⁴.
- Although the Government took actions to optimise the public communication, the restricted access to information of people and journalists persists so far and majority of state institutions lack an internal public communication mechanism. According to a report assessing the access to official information in the 4th quarter of 2008, worked out by Acces-Info Centre, barriers which obstruct the access of people to official information are linked to low information culture, lack of an efficient management to facilitate active information, interactive dialogue between public administration and citizens; ignorance of legislative provisions by many functionaries in parallel with legal illiteracy of society⁵⁵.
- According to the Barometer of Public Opinion, 41 percent of respondents consider that Radio Moldova and Moldova-1 cover exclusive developments in the light of interests of the ruling party and 48 percent fear that the media in Moldova is not free to present news and commentaries without being censored by the Government⁵⁶.
- Local printed media outlets face diverse obstacles laid by representatives of district councils or mayoralities. According to an API-conducted survey on assessment of relations between local media (API members) and local public administration, shortcomings include among others the limited access to information, suing for researches by independent media, limited access of newsmen to sittings of district councils, etc.⁵⁷
- An APEL-conducted monitoring on news programmes aired by the National Public Broadcasting Company Teleradio-Moldova signals a clear difference between presence of the major parliamentary faction and parliamentary opposition in news programmes and absence of non-parliamentary parties, indicating the violation of effective legislation⁵⁸.
- The new law on state secret could be abusively used by public authorities to restrict the access to information.

⁵² The refusal to extend the licence of PRO TV station, arbitrary decisions on granting frequencies to unknown channels or stations forewarned for working in detriment of some affirmed radio and TV stations etc.

⁵³ The ranking is annually elaborated by Reporters without Borders (Reporters sans Frontieres) and covers 173 countries, www.rsf.org.

⁵⁴ <http://www.freedomhouse.org>.

⁵⁵ Acces-Info Centre, http://www.acces-info.org.md/upload/Comunicat_%20de_presa_4_Acces-info.doc.

⁵⁶ The survey was conducted by the Institute for Public Policy between September 26 and October 20, 2008, www.ipp.md.

⁵⁷ http://ijc.md/bulmm/2008decembrie/BMM_2008_decembrie.pdf.

⁵⁸ APEL, http://www.apel.md/public/upload/md_Monitor_23_10-01_11_2008_Raport_04_IPNA.pdf.

2. CONSOLIDATION OF ADMINISTRATIVE CAPACITY

Administrative reform / Administrative efficiency

Progress:

CPA Reform:

- The law on public function and status of public servant was adopted definitively⁵⁹; regulations on implementation of this law are being drafted;
- Institutional development plans and action plans to implement them continued to be worked out; a methodology on elaboration, coordination and approval of applications for public functions was elaborated and enacted;
- A new impact analysis guidebook was elaborated and tested;
- Methodological norms on implementation of internal audit in public sector were approved⁶⁰;
- A new Law on Chamber of Auditors was adopted.⁶¹

LPA Reform:

- Actions were taken to encourage regional development, focussing on elaboration of organisational and normative framework; the National Regional Development Coordinating Council (CNCDR) convened in the first sitting;
- Infrastructure development projects will be funded from state budget⁶²;
- Approving the National Regional Development Strategy, setting an efficient mechanism of permanent interaction with local public authorities is a priority of the Ministry of Local Public Administration in 2009;
- LPA representatives assure that the work in 2008 was efficient⁶³;
- The draft law on status of Chisinau municipality was finalised;
- Some actions were implemented in the framework of the Integrated Local Development Programme.⁶⁴

Shortcomings and problems:

CPA and LPA Reforms:

- The problem of continuing the CPA Reform and updating the implementation plan was not clarified⁶⁵;
- Remuneration and social protection of public servants do not meet the needs, the enforcement of the law on remuneration system of budgetary sector did not essentially improve the situation⁶⁶;
- LPA functionaries invoked plenty of problems related to their work and implementation of all components of CPA Reform⁶⁷;
- So far, budgetary funds are wasted for unimportant and unplanned purposes while the impact is not assessed⁶⁸;
- The administrative decentralisation process is imperfect, no action plan on this area was worked out and enforced⁶⁹;
- Independent surveys signal problems relating to delimitation of functions between legislative and executive authorities at local level⁷⁰;
- All political parties represented in municipal council do not warm the draft law on status of Chisinau municipality⁷¹;
- The new law on status of Chisinau municipality and a new law on local public funds were not adopted.

Information Technologies:

- The telecommunication infrastructure is underdeveloped and Moldova is isolated from global information area; branched networks of high speed data providing channels are unavailable and Internet services are expensive⁷²;
- The "e-governing" concept is not implemented in an acceptable and sufficient manner; there are many shortcomings in this area so far.

⁵⁹ Law # 158-XVI from 04.07.2008, enforced on 01.01.2009.

⁶⁰ Order # 118 by the Ministry of Finance from 29.12.2008.

⁶¹ Law # 261-XVI from 05.12.2008.

⁶² The 2009 state budget law foresees more than 156 million lei for these purposes.

⁶³ Statements delivered by Chisinau mayor-general at a news conference on totals for 2008.

⁶⁴ Annual sitting of the Coordinating Council within the Local Development Programme of UNDP-Moldova, 11.11.2008.

⁶⁵ It was initially decided that the CPA Reform should be completed in 2008, but the Government finally established that there were many shortcomings and new terms were required; so far, a formal decision is unavailable.

⁶⁶ Statements delivered by representatives of the Federation of Unions of Public Service Employers at a meeting with Parliament chairman, 15.10.2008.

⁶⁷ Problems indicated during presentations organised by Government Apparatus during November 17 – December 9, 2008, communication from 15.12.2008, www.rapc.gov.md.

⁶⁸ Government Decision # 1134/09.10.2008; 1137/09.10.2008; 1142/10.10.2008; 1233/31.10.2008; 1249/07.11.2008; 1339/28.11.2008; 1231/31.10.2008, and others.

⁶⁹ Local public authorities lack funds to administrate communities, while the cancellation of tax on reinvested income deprived most of administrative territorial units of large resources, and local educational institutions require large expenses in detriment of resolving problems which rest with communities. See in this respect statements delivered at a conference of local elected officials of PLDM, 31.10.2008.

⁷⁰ Preliminary report „Functional analysis of local public authorities of Chisinau municipality and its subdivisions” worked out by Latvian experts.

⁷¹ Communication by Info-Prim Neo Agency, 31.10.2008.

⁷² Assessments by a Presidency-convoked sitting, 15.01.2009.

Depoliticising public administration

Shortcomings and problems:

- Persecutions against local authorities (both local elected officials and institutions in general) continued⁷³;
- Cases of hidden politicising of local authorities and educational institutions were disclosed⁷⁴;
- Cases of subordination of law enforcement bodies to interests of some political parties were revealed⁷⁵;
- Investments at local level were disseminated on the basis of political criteria inclusively⁷⁶;

Interference of administrative and economic interests

Shortcomings and problems:

- Moldova's rating in the Economic Freedom Index has fallen⁷⁷;
- The continuation of the "Guillotine II" process was slowed down, with Government invoking a series of problems related to implementation of amendments to legislation; promotion of draft codes of fiscal and customs procedure was dallied;
- Massive privatisation of important facilities during the world financial crisis and without preliminary public estimates fuelled accusations of corruption and promotion of economic interests of persons close to Government⁷⁸;
- The Parliament has reconsidered amendments to the law on protection of competition and cancelled own completions which enlarged the competences of the National Agency for the Protection of Competition;
- Independent surveys signal major shortcomings of the mandatory reporting system of Moldova, which affect interests of economic agents and increase their expenses.⁷⁹

Stability of governing policy

Progress:

- Economic growth indicators maintained an ascending trend: the GDP rose by about 7.6 percent in 9 months; foreign direct investments have grown; the inflation met the planned level; the exchange rate of domestic currency was maintained; the unemployment rate has decreased⁸⁰;
- According to an international rating, Moldova was ranked a leading place in terms of financial security (health)⁸¹;
- Revenues from privatisation of state property have grown much.

Shortcomings and problems:

- The number of registered enterprises is on the decline⁸²; many small businesses do not function⁸³;
- The gas crisis proved the lack of capacities and mechanisms to react in emergency situations⁸⁴;
- The legalisation of capital is ineffective.⁸⁵

Probity and transparency of governance / Combating corruption

Progress:

- The Republic of Moldova has satisfactorily used the funds provided by the European Commission⁸⁶;
- Access to public information has improved, but not enough⁸⁷;
- The law on transparency of the decision-making process was adopted⁸⁸;
- The regulation on mechanisms of signalling and monitoring corruption rate in public authorities was approved (GD # 1461 from 19.12.2008);
- The council in charge with preventing and combating crimes and corruption (GD # 1341 from 28.11.2008) and the civil council for the monitoring of CCECC were created;

⁷³ Penal charges filed against representatives of opposition parties; perpetuation of the conflict between S.A. Termocom and Chisinau City Hall, involvement of prosecutor's office in these conflicts; blocking of accounts of Chisinau City Hall; statements delivered by AMN faction at the parliamentary sitting from 13.11.2008.

⁷⁴ Teachers and mayors from Floresti were obliged by district administration to subscribe to certain publications including political periodicals (newspaper Jurnal de Chisinau, 15.01.2009). PCRM lawmakers make electoral propaganda under auspices of the „Year of the Youth” (Newspaper Jurnal de Chisinau, 27.11.2008).

⁷⁵ Appeal submitted by Deputy S.Urechean on 20.11.2008 concerning a letter by police chief of the rayon of Basarabasca to Moldovan President.

⁷⁶ Statements delivered by opposition factions in Parliament regarding final adoption of the 2009 state budget law.

⁷⁷ Economic Freedom 2009, www.heritage.org.

⁷⁸ Cheap privatisation of the Odessa-based Moldova Sanatorium, Codru Hotel, and others, commitments assumed during recent privatisations (National Hotel) are not honoured, there are fraud-related suspicions.

⁷⁹ Report "Analysis of existing mandatory reporting system of Republic of Moldova" by IDIS Viitorul.

⁸⁰ Speech delivered by prime minister at a news conference on 16.12.2008.

⁸¹ According to The Banker.

⁸² The Registration Chamber registered more than 9,000 enterprises in 2008, by 2,000 less than in 2007.

⁸³ Data released at the international conference „Best international practices for small and medium business”.

⁸⁴ See the research "How to protect ourselves against future gas wars?" issue 42 (13 January 2009), www.expert-grup.org.

⁸⁵ Only 9 million lei went to the state budget that means just 16 million lei was legalised, while about 295 million lei was initially expected to the state budget from legalisation and this amount was further reduced to 122 million lei.

⁸⁶ Report by the European Chamber of Auditors, 15.11.2009.

⁸⁷ Monitoring reports by Acces-Info Centre.

⁸⁸ Law # 239-XVI from 13.11.2008.

- Normative acts aimed to prevent corruption were adopted⁸⁹;
- Operations by specialised anti-corruption bodies bring positive results in terms of prevention of this phenomenon and anti-corruption education⁹⁰;
- Prosecutor's Office investigated many corruption-related cases and some cases ended with sentencing⁹¹;
- Nongovernmental organisations ask parties to include anti-corruption measures in their electoral platforms.⁹²

Shortcomings and problems:

- The World Bank (WB) has partly annulled the loan for the Moldovan Government's Road Programme, invoking an inappropriate procurement procedure⁹³;
- Transparency of authorities is low so far and raises concerns and speculative interpretations⁹⁴;
- The media does not participate enough in promoting transparency and responsibility of authorities⁹⁵;
- Dismissal of employees condemned under corruption or related charges encounters legal obstacles and imperfect legislation⁹⁶;
- The corruption tops the concerns of people so far⁹⁷; authorities do not tackle enough the corruption issue⁹⁸; progress made in 2008 is not great⁹⁹;
- Authorities acknowledge the imperfect legislation on declaration of estates and incomes,¹⁰⁰ but actions do not have a clear impact;
- Deficiencies to set up the Civic Council for the monitoring of CCECC raised argued criticism by civil society¹⁰¹;
- Higher-ranking officials did not like the activity of CCECC¹⁰²; CCECC undergoes unplanned reorganisations at political orders (GD # 1484 from 26.12.2008);
- Opposition parties keep releasing statements on failures and shortcomings of anti-corruption fight¹⁰³;
- According to independent researches, situation relating to political rights in Moldova has worsened because of widely spread corruption¹⁰⁴;
- Central authorities do not allocate resources for preventing and combating corruption at local level, while budgets of localities are limited.¹⁰⁵

⁸⁹ Order # 01/30.10.2008 by the Ministry of Finance concerning reporting by auditors of doubtful operations or transactions, eventual corruption-related offences.

⁹⁰ Activity of CCECC, Prosecutor's Office and Interior Ministry.

⁹¹ Report on activity of Prosecutor's Office in 2008, Prosecution College from 23.01.2009.

⁹² Coalition-2009 recommends anti-corruption measures to parties.

⁹³ According to a press release by WB, there were objections relating to transparency, competitiveness and fairness of acquisition process.

⁹⁴ Research "100 most pressing problems of the Republic of Moldova in 2008", IDIS Viitorul.

⁹⁵ Media monitoring report by CIJ released on 22.01.2009.

⁹⁶ Article „Un primar condamnat penal continua sa conduca satul” (Mayor sentenced under criminal charges keeps ruling the village), www.investigatii.md.

⁹⁷ Polls: BPO (October 2008, Monitorul Social (IDIS Viitorul), Vox Populi - 2008 (ASDM).

⁹⁸ Speech delivered by prime minister at the opening of the National Anti-Corruption Conference, 09.12.2008. Interview with secretary of the Anti-Corruption Alliance, Info-Prim Neo Agency.

⁹⁹ Statements delivered by Vladimir Ristovski, special representative of the CoE Secretary-General to Moldova, at the National Anti-Corruption Conference, 09.12.2008.

¹⁰⁰ Statements delivered by Moldovan President at a sitting of the national commission for European integration, 21.10.2008.

¹⁰¹ Statements by secretary of the Anti-Corruption Alliance concerning restricted competences of the Civic Council.

¹⁰² Statements by Moldovan President from 27.11.2008, statements delivered by prime minister at the sitting of the CCECC Collegial Council from 30.01.2008.

¹⁰³ Statement released by AMN faction at the parliamentary sitting from 20.11.2008.

¹⁰⁴ Freedom House index, http://www.freedomhouse.org/uploads/fiw09/FIW09_OverviewEssay_Final.pdf.

¹⁰⁵ Statements by chairman of Straseni rayon.

3. TRANSNISTRIAN CONFLICT

Efforts to resume the negotiation process

- During November 10-11, 2008 Odessa hosted a seminar under the OSCE auspices on analysis of conflicts and modern approaches to settle them. Two weeks later, on November 24, the U.S. Ambassador to Moldova, Mr. Asif Chaudhry visited Tiraspol and met Transnistrian officials there. The U.S. diplomat shared the interest of his country to help developing the regional infrastructure via the project of the Millennium Challenge Corporation, in particular, to contribute to the rebuilding of two portions of the Ninth European Transit Corridor which crosses the area from the left bank of the Dniester River. Asked about the settlement of the Transnistrian conflict, the U.S. ambassador said that the resolution shall be based on the territorial integrity of the Republic of Moldova; the "5+2" negotiation format is the best one to find an optimal solution; the withdrawal of Russian troops from the Transnistrian region is essential to settle the conflict.
- The Special Envoy of the OSCE Chairman-in-Office, Mr. Heikki Talvitie, met Transnistrian officials in Tiraspol on November 11. The meeting aimed to make clear the points of view of Chisinau and Tiraspol on resuming the negotiations. Making clear their positions was necessary before the annual OSCE Ministerial Summit set to take place in Helsinki on December 4-5, 2008, which was expected to discuss the Transnistrian issue. OSCE Secretary-General Marc Perrin de Brichambaut along with the head of the OSCE Mission to Moldova, Mr. Philip Remler, visited Transnistria on November 29. The visit had the same purpose – to collect facts about the negotiation process before the Helsinki OSCE Summit. The visit included a meeting with Transnistrian leader Igor Smirnov, who reported his talks with Presidents Voronin, Yushchenko and Medvedev in 2008. Smirnov reconfirmed the support for Russia's position on conflict resolution, which is reduced to support to any solution accepted by the conflicting parties, with the "5+2" format aiming to fix agreements reached within the "2+1" format.

Tiraspol administration obstructs Voronin-Smirnov dialogue

- Attempts to organise a meeting between President Vladimir Voronin and Transnistrian leader Igor Smirnov failed in September-October 2008. Transnistrian officials assured that Tiraspol is interested in the Voronin-Smirnov meeting, but it does not warm the rhetoric of Chisinau and pejorative notes against the Transnistrian regime, which President Voronin accused of having "usurped the power in the region."
- On November 3, 2008, Transnistrian border guards halted President Vladimir Voronin to visit his native village of Corjova, in order to participate in the consecration of a church he has founded there. Transnistrian border guards invoked an order by the separatist administration and a direct instruction by Igor Smirnov.
- Igor Smirnov met Russian Ambassador to Moldova Valeri Kuzimin on November 10, 2008. He explained to the Russian ambassador that the November 6 scheduled meeting with President Voronin was cancelled because Moldovan authorities misunderstood the message of Transnistrian officials, while Tiraspol has called for that meeting indeed. As well, the Transnistrian leader stressed that he will not discuss any new initiatives with Moldovan authorities as long as the latter do not respond to the April 11, 2008 proposals to sign a friendship and cooperation agreement with Transnistria.
- The Tiraspol Supreme Soviet released a statement on November 13, accusing Moldova of destabilising the economic situation in Transnistria by imposing a double taxation to Transnistria-based economic agents. Supreme Soviet chairman Evgheny Shevchiuk stated that the economic blockade by Moldova is to blame for the massive depopulation of the Transnistrian region. This is a consequence of the customs control introduced on the Transnistrian segment of the Moldovan-Ukrainian border on March 3, 2006. In this regard, Transnistrian legislators urged the Smirnov administration to consider the situation by December 1, 2008 and take adequate actions aimed to minimise effects of the double taxation; to consider the possibility of asking the EUBAM to prevent the entry of limited-circuit objects including drugs from Moldova into the territory controlled by the Transnistrian regime (this is an allusion that Moldova is allegedly a transit corridor for trafficking in drugs, while the EUBAM is useless); to prevent the degradation of confidence between the parties involved in the Transnistrian conflict.

Russia's influence on Transnistrian settlement

- While on a visit to Moldova on October 27-28, 2008, the chairman of the Russian State Duma, Mr. Boris Gryzlov reiterated previous statements by Russian dignitaries that his country "is ready to do its best for a peaceful resolution of the Transnistrian conflict." At the same time, Mr. Gryzlov stressed that "extreme actions are inappropriate" to the conflict resolution. Following Gryzlov's visit to Chisinau, Transnistrian leader Igor Smirnov delivered an unexpected statement on October 30, saying that for the time being "Russia does not afford recognising the independence of Transnistria, as this would destabilise the equilibrium of forces in the region." In this context, Transnistrian speaker Yevgheny Shevchiuk stated that Transnistria would accept a confederation with the Republic of Moldova, but it would not accept the status of autonomy within a unitary state.

- The commander-in-chief of the Russian Ground Forces, General Vladimir Boldyrev visited the Transnistrian region on November 26. The declared purpose of the visit was to inspect places of deployment of Russian peacekeepers. According to Tiraspol's mouthpiece Olvia-Press, Russian peacekeepers would count for 700 persons. It claims that the peacekeeping mission is allegedly regulated by the convention on principles of peaceful settlement of the armed conflict in the Transnistrian region of the Republic of Moldova. In fact, the convention refers to "voluntary military contingents" not to the peacekeeping mission.

Annual OSCE Ministerial Meeting

The 16th OSCE Ministerial Council took place in Helsinki during December 4-5, 2008. Mr. Andrei Stratan, Minister of Foreign Affairs and European Integration, addressed the meeting, approaching the Transnistrian settlement and the OSCE's role:

- The OSCE shall prove its viability by effectively contributing to a peaceful resolution of conflicts, with respect for sovereignty, territorial integrity and internationally recognised borders of countries;
- The artificial fuelling of regional conflicts and protracted processes to settle them, inclusively the Transnistrian conflict, are reprehensible and counterproductive;
- The failure of Moldova's efforts may be explained first of all by political unwillingness of some players and imminent geopolitical nature of the Transnistrian problem;
- Moldova has cogently promoted a complex "package" approach of all conflict-related issues – political, economic, social and humanitarian – in the last two years, by taking into account interests of all parties concerned;
- The strategy proposed by Moldovan authorities stipulates the elaboration and adoption of a special legal status of the Transnistrian region as part of the Republic of Moldova within the "5+2" negotiation format; the consolidation of the neutrality status and the withdrawal of foreign troops from the country; the recognition of property rights and the granting of safe guarantees to people from the region;
- The military contingents introduced in the conflict zone accordingly to the 1992 Moldovan-Russian ceasefire agreement had completed their tasks long ago;
- The current operation from the Transnistrian region shall be replaced by an international multinational civic mission;
- Moldovan authorities highly appreciate the direct EU participation in combating defiance against security in the region, particularly the EU Border Assistance Mission to Moldova and Ukraine, which has a worthy contribution to securing the Moldovan-Ukrainian state border, especially the Transnistrian section;
- Moldova shares concerns relating to critical situation of the Adapted CFE Treaty, which it regards as an angle-stone of European security;
- The withdrawal of Russian military and munitions from Moldova in compliance with commitments assumed at OSCE Summits shall be unconditional, complete and transparent (*according to www.mfa.md*).

The OSCE Ministerial Council failed for the sixth year in a row to adopt a Final Declaration, as well as a Declaration on Moldova. The first was not adopted because of divergences related to the access of international observers to South Ossetia and Russia's proposals on the European general security pact. The declaration on Moldova was not adopted because of Russia's opposition. On the other hand, 27 NATO member states released a statement reconfirming the conditioning of ratification of the Adapted CFE Treaty with honouring all commitments covered by the Final Act of the CFE Treaty from 1999 and its annexes. Moldova and Ukraine joined the statement by NATO member states.

Voronin-Smirnov meeting from December 2008

President Vladimir Voronin had a meeting with Transnistrian leader Igor Smirnov in Tiraspol on December 24, for the second time in 2008. The sides discussed as follows:

- Perspectives to resume the "5+2" negotiations, actions to be taken in order to activate working groups in charge with strengthening confidence and security;
- Measures to ensure the free circulation of people and commodities between the two banks of the Dniester;
- Continuation of the dialogue and consultations in the "2+1" format (Russia, Transnistria, Republic of Moldova) with the purpose to resume negotiations and settle the Transnistrian conflict definitively.

The next day, on December 25, Transnistrian leader Igor Smirnov stated that there is just one solution to the Transnistrian conflict – recognising the independence of the Transnistrian region – while Moldovan dignitaries resumed the rhetoric about negotiating a solution in the "5+2" format only.

Efforts of civil society to settle the Transnistrian conflict

- The editorial staff of the Bender-based opposition newspaper "Novaya Gazeta" has released an initiative on strengthening confidence between the two banks of the Dniester. According to the initiative, after the April 11, 2008 meeting between President Voronin and Transnistrian leader Igor Smirnov, a forum of civil society organisations from both banks of the Dniester is needed to help developing permanent contacts capable to build mutual confidence. Tiraspol's mouthpiece Olvia-Press published an ample commentary on this initiative on November 20, saying that civil society organisations from the right bank of the Dniester and a

number of organisations from the left bank of the Dniester receive funds from western institutions. For these reasons, Olvia-Press drew the conclusion that the new initiative is an emanation of some western institutions which support the resumption of the "5+2" negotiation process. The derisive nature of the commentary and the distrusting attitude towards utility of this initiative are based on the fact that Russia has never supported the participation of civil society organisations in confidence-building actions.

4. JUSTICE

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

Progress:

- The Superior Council of Magistracy has approved several reference normative acts: the guidebook on filling up and presenting income and estate declarations (CSM Decision # 348/15 from 02.10.2008); the instruction on keeping secretariat papers in law courts and courts of appeal (CSM Decision # 473/21 from 18.12.2008); and the regulation on publishing judicial decisions on website (CSM Decision # 472/21 from 18.12.2008);
- The number of cases examined by judges has decreased, down to an average of 90 cases in 2008;
- Applications seeking the withdrawal of immunity, consent with opening criminal cases and punishing some judges were accepted (CSM Decisions # 362/16; # 363/16 and # 364/16 from 09.10.2008); 11 judges were reprimanded in 2008;
- Actions are underway to improve reporting and use of legal statistics (CSM Decision # 328/15 from 02.10.2008);
- The legislation on execution of judicial decisions is being improved¹⁰⁶; actions are taken to optimise execution procedures (CSM Decision # 327/15 from 02.10.2008);
- A new law on Prosecution was adopted, but its effects will be clear after a longer period;
- The Prosecution College considers periodically the situation in diverse areas and coordinates the work of prosecutors with the purpose to consolidate the rule of law;
- The number of criminal cases examined by law courts has decreased due to the adequate use of discretionary rights of prosecutors¹⁰⁷.

Shortcomings and problems:

- Representatives of the judicial system acknowledge problems related to low independence and fairness, motivating these shortcomings with the shortage of competent staffs¹⁰⁸;
- There are lots of unsettled criminal and civil cases in some law courts, while some lawsuits last 3-4 years¹⁰⁹;
- Professional participants in trials signal so far corruption in judicial system, while the random distribution of cases was not completely settled¹¹⁰;
- Representatives of diplomatic missions and community organisations keep raising concerns with the increasing number of criminal charges filed against opposition politicians¹¹¹;
- The number of judges was not increased, number of vacancies is high so far (38 out of 437 offices); the monthly burden of judges has grown, the constant overcharging of judges endangers efficiency and quality of their work;
- Attorneys signal intimidations by police bodies and attempts to block their activity¹¹²; the law on state-guaranteed legal assistance is little functional¹¹³;
- Opposition parties signal dependence of the judiciary,¹¹⁴ political involvements and violation of the right to a fair trial in many cases filed against their representatives¹¹⁵;
- Majority of law courts lack public relations offices, courts are not endowed with communication equipment.¹¹⁶

Training of specialists from system / Material insurance

Progress:

- CSM took actions to ensure permanent training of judges and personnel of courts (CSM Decision # 360/15 from 02.10.2008; seminars on legal deontology, October 2008);
- Reference guidelines, judicial practice books¹¹⁷;
- The training centre in the area of information technologies for the judicial system was inaugurated¹¹⁸;

¹⁰⁶ Law # 217-XVI from 24.10.2008 concerning the modification of the Execution Code.

¹⁰⁷ Following the enforcement of discretionary right procedures, law courts were not appealed to examine 4,811 criminal cases stopped at the stage of penal suit (Communication by Prosecution College, 23.01.2009).

¹⁰⁸ Statements delivered by CSM chairperson during an international workshop organised by the Friedrich Ebert Foundation with the support of the OSCE Mission, 04.12.2008.

¹⁰⁹ CSM Decision # 1/1 from 22.01.2009.

¹¹⁰ Results of interviewing of attorneys and prosecutors, the 3rd report on monitoring of anti-corruption activities within the Preliminary Country Plan of the Millennium Challenge Corporation. Sociological survey released on 15.01.2009 and conducted by the public association Initiava Social-Rurala in the framework of the Project "Anti-corruption partnership and campaign promoting anti-corruption efforts".

¹¹¹ Joint statement by Heads of Missions of EU Member States, European Commission Delegation and EU Special Representative Office, 25.11.2008.

¹¹² Statements delivered at a news conference on 08.10.2008, Infotag Agency.

¹¹³ Statements delivered by representatives of the Bar at a news conference on 22.10.2008.

¹¹⁴ Statement by the AMN parliamentary faction, 24.10.2008, www.parlament.md.

¹¹⁵ Cases N.Andronic (PPR) and S.Chifa (AMN).

¹¹⁶ Will be set just in 2009.

¹¹⁷ The guidebook of judicial decisions (with the support of PCP of the Millennium Challenge Account). Judicial Practice Book of the Civil College and Legal Department of the Supreme Court of Justice (2007) and Guidebook of citizens, civil procedure (with the financial support of SOROS Moldova Foundation).

¹¹⁸ Preliminary Country Programme on Good Governing of the Millennium Challenge Account, jointly with the National Institute of Justice.

- Four law courts were renovated in 2008; the headquarters of the Rezina law court opened on December 5¹¹⁹;
- Budgetary allocations for the judicial system included in the draft budget law for 2009 rose compared with the budget for 2009; the justice funding concept was approved¹²⁰.

Shortcomings and problems:

- The human resources management system was not adjusted to necessities of the justice and judges need qualified assistants;
- The housing of judges is very slow (more than 100 judges do not have houses or need better housing conditions), expenditures for temporarily rented houses are not compensated by law courts¹²¹;
- The justice funding concept was not finalised and enforced, and there are conceptual and normative problems for its further enforcement (contradictions with legislation on budgetary system and budgetary system).

Alternative ways to settle litigations / Prisons

Progress:

- The reorientation of activity of prosecution, use of discretionary rights and legislation on amnesty led to decriminalisation of some cases, which reduced expenses for lawsuits¹²²;
- Actions were taken to implement the probation institution (issuing of judicial rulings, employment of specialised personnel, training, remuneration);
- Potential candidates for quality of mediators attended training courses organised at the National Institute of Justice with the support of foreign donors;
- The law concerning civil control on respect for human rights in prisons was adopted (Law # 235-XVI from 13.11.2008);
- The Parliament adopted Law # 278-XVI from 18.12.2008 concerning the modification of the Penal Code of Moldova to decriminalise, modernise and humanise repressive criminal policies;
- Pruncul Prison # 9, Cahul Prison # 5, Balti Prison # 11, Rezina Prison # 17 are being renovated; a healthcare centre has opened at the Rusca-based Prison;
- The Government approved the Regulation of the Department of Penitentiary Institutions and maximum personnel of the penitentiary system (GD # 1310 from 24.11.2008);
- Personnel of the penitentiary system was trained (on human rights, minimum detention standards for prisoners, European Convention for the Prevention of Torture and Inhuman or Degrading Treatment etc.).

Shortcomings and problems:

- The mediation institution is implemented with difficulties, mediators who should be authorised accordingly to the new law on this area were not nominated;
- The number of detainees is pretty high so far, exceeding the European average;
- Reports by community institutions keep signalling ill-treatment of persons in the police custody (from preventive detention facilities)¹²³.

¹¹⁹ In the framework of partnership of the Preliminary Country Programme on Good Governing of the Millennium Challenge Account.

¹²⁰ The draft worked out by the Ministry of Justice was delivered to the Government in order to submit it to the Parliament.

¹²¹ CSM Decision # 380/18 from 28.10.2008.

¹²² Communication by the Prosecutor's Office College, 23.01.2009).

¹²³ Report by the Anti-Torture Committee of the Council of Europe.

5. ECONOMIC DEVELOPMENT AND REFORMS

Poverty reduction

Progress:

- The average wage on economy in January-November accounted for 2,489.5 lei, by 23.6 percent more than the last year. Salaries in agriculture, healthcare and social assistance and public administration rose the most in 2008, contributing to convergence of wages in various sectors of economy. The Government forecasts an average wage on economy of 3,140 lei for 2009¹²⁴.
- Value of the minimum consumer basket has fallen down to 1,245.8 lei in the 3rd quarter, as typical to that period which follows the decline of prices of seasonal agricultural products. However, the correlation between available average monthly incomes, average pension and minimum consumer basket has decreased compared with last years.
- Under the law on social assistance,¹²⁵ the Government has approved the regulation on establishing and granting of social assistance¹²⁶.
- Accounts on poverty rate for 2007 were released in November 2007 and they indicated that the number of poor people has decreased compared with 2006. In particular, 25.8 percent of people are below the absolute poverty margin, consuming less than 839.3 lei a month. As well, the share of people who are below the extreme poverty margin of 453.9 lei has decreased down to 2.8 percent.

Shortcomings and problems:

- In spite of the rise of average wage on economy, the average salary in education, which is among lowest on economy, has increased by 13.2 percent only in 2008.
- The poverty rate in rural areas was high so far, deepening the inequality.
- The fall of remittances by Moldovan nationals working abroad will contribute to reduction of living standards of people which depend on remittances, and consumption of households. Despite seasonal trends of fall of remittances, which are usually observed in September, remittances from other countries were on the decline in August 2008, with Moldova experiencing the first signs of the world economic crisis.

Consolidation of economic growth

Progress:

- Despite the world economic recession, the Moldovan GDP has grown by 7.6 percent in the first three quarters of 2008. Forecasts show that this growth will be maintained till the end of the year.
- Good weather contributed to the growth of agricultural production. The gross value-added in agriculture has grown the most in three quarters of the year, by 23.8 percent, compared with the similar period of the last year.
- The industrial production has grown by 1.2 percent in 11 months. The highest growth of industrial production was achieved by sugar processing industry, spirits, leather processing industry and metallurgical industry, which exports increased much in 2008.

Shortcomings and problems:

- The world economic crisis will hit Moldova. Exporters were already affected, while the fall of remittances will reduce the internal demand and consumption. As well, low crediting possibilities of domestic companies will hit investments in economy.
- Despite the economic growth, the gross value-added in GDP has declined in 2008, while the share of taxes on products and imports in GDP has grown up to 18 percent.

Macroeconomic and financial stability

Progress:

- The inflation rate for 11 months was 7.5 percent. It was below 10 percent for the first time after 2002. Thus, Moldova honoured its commitment towards IMF and reached the basic objective of monetary policy to maintain one-digit inflation. This progress was due to good weather that reduced prices of crops, efforts of the National Bank early this year, which efficiently used the monetary tools, and fall of fuel prices in the second half of the year.
- The reduction of price rise paces allowed the central bank to lower the basic rate on main short-term monetary policy operations from 17 percent in September down to 14 percent in December. As well, the mandatory reserve norm was lowered down to 17.5 percent, providing banks with supplementary resources.
- The Monetary Policy for 2009 aims to maintain an annual inflation rate of 9 percent¹²⁷.

¹²⁴ Government Decision # 1248 from 07.11.2008 concerning approval of medium monthly wage on economy for 2009.

¹²⁵ Moldovan Law # 133 from 13.06.2008 concerning social assistance.

¹²⁶ Government Decision # 1167 from 16.10.2008 which approves the regulation on establishing and granting of social aid.

¹²⁷ Monetary and Currency Policy of the National Bank of Moldova for 2009.

- The Country Report¹²⁸ by the International Monetary Fund published in October describes the Moldovan banking system as “elastic to external shocks, while the recent liquidity pressure did not have any impact on Moldovan banks.”

Shortcomings and problems:

- Although the financial crisis did not hit the financial sector of Moldova directly, it may have negative effects in terms of reduced crediting possibilities for commercial banks from other countries. The average interest rate on deposits and credits released by commercial banks has increased even after the reduction of the basic rate of NBM and norms of mandatory reserves for commercial banks.
- The process of appreciation of leu stopped in the 3rd quarter and the fall of currency inflows in Moldova may press the depreciation of the leu, which may intensify in 2009.

Fiscal transparency and stability

Progress:

- The Government has approved the Medium Term Expense Framework (MTEF) for 2009-2011. For the first time the MTEF was worked out on the basis of the concept on policy priorities in the context of elaboration of MTEF¹²⁹. MTEF stipulates a 6-percent annual growth of GDP for the period concerned. The annual inflation rate is expected to fall down to 8 percent in 2011.
- The Parliament approved the Law on Chamber of Auditors in December¹³⁰. The new law sets the legal framework needed for audit operations by the Chamber of Auditors, which was early in charge only with checking operations at level of transactions. As well, the law says that the Chamber of Auditors decides independently on its action programme, which will be planned for one and/or three years, while public authorities will not influence the Chamber of Auditors to modify its audit action programme, carry out or cease audit actions. This way, the audit process will be fairer.

Shortcomings and problems:

- In the context of the world economic crisis which will hit Moldova, too, economic forecasts are less certain and could change meanwhile.
- Although MTEF priorities should be correlated with the state budget law and national programmes and strategies, it is not covered by the state budget law for 2009¹³¹. In particular, while capital investments are a major priority of MTEF, the state budget law stipulates that 68.7 percent of the budgetary expenses for next year relates to social sector, neglecting the necessity of Moldovan economy for investments in fixed capital.
- According to latest amendments to the state budget, the budgetary deficit was increased up to 495 million lei¹³². The rise of budgetary deficit and possible reduction of budgetary incomes in 2009 will harden the work of the Government next year.

¹²⁸ IMF Country Report No. 08/320, September 2008.

¹²⁹ Approved under Decision # 1410-154 by prime minister from 27.02.2008.

¹³⁰ Law # 261 from 05.12.2008 concerning the Chamber of Auditors.

¹³¹ Law # 24 from 21.11.2008 concerning state budget.

¹³² Law # 288 from 19.12.2008 concerning the modification and completion of the 2008 state budget law # 254-XVI from 23.11.2007

6. SOCIAL DEVELOPMENT AND REFORMS

Social dialogue on employment

Progress:

- Government Decision # 1259 concerning the free housing of young graduates from higher education, post-graduation resident education assigned and employed in (budgetary) public institutions from villages (communes) entered into force on November 18;
- Government Decision # 1284 approving the draft law on modification and completion of Law 140-XV from 10 May 2001 concerning the Labour Migration entered into force on November 25, 2008;
- Under the decision by the Board of Directors of the National Agency for Employment (NAE) which approved the strategy on development of social dialogue on labour market in the NAE system, the implementation of strategy entered the second round designed to monitor, assess and further plan activities of advisory councils and Board of Directors. In June 2009, when the second round is expected to finish, the strategy and activity of territorial councils will be evaluated. The No.1 goal of this strategy is to raise awareness over problems faced by jobseekers.

Shortcomings and problems:

- Problems signalled by NAE are related to raising awareness of social partners in order to establish a social dialogue which would make the labour market transparent and functional, condition of youths on labour market and building a partnership to enhance the employment of youths on labour market, intensify cooperation between subjects on labour market with the view to encourage the release of information about current condition and opportunities provided by state on labour market etc.

Gender equality

Progress:

- An array of indicators adjusted to the gender dimension was worked out with the support of UNDP Moldova in the period concerned. This array will be used by competent ministries to monitor and report better the promotion of gender equality in Moldova. The final array was approved by the College of the National Bureau for Statistics of Moldova and the Government will approve it further.

Shortcomings and problems:

- The national strategy on ensuring the gender equality in Moldova was elaborated and submitted to the Government in order to be approved. Unfortunately, ministerial commentaries on this strategy were late, so that the process was delayed and the document was not approved in 2008;
- Although Moldova has ratified the U.N. Convention on the Rights of the Child, the Moldovan legislation was integrally modified, so that to prohibit any child violence; the UNICEF is assisting the Moldovan Government to make the necessary readjustments.

Health and safety at workplace

Progress:

- No great progress was observed in the period concerned.

Shortcomings and problems:

- According to IOM remarks, shortcomings in this area are particularly linked to the necessity to work out policies and programmes on HIV/AIDS at work and their implementation within coordinated actions included in the Decent Work Country Programme (DWCP) 2008-2011, for which Moldova is assisted by IOM.

Social protection and integration

Progress:

- Government Decision # 1479 on approving minimum quality standards for professional parental assistance service was made on December 25, 2008 (this decision will enter into force in early 2009);
- The Government Decision approving the structure of the Automatic Information System "Social Assistance" entered into force on December 12, 2008 to execute Law # 295-XVI from 21 December 2007 on approving the national development strategy for 2008-2011;
- Government Decision # 1258 which approves the draft Parliament decision on approving the Strategy for the National Referral System for the protection and assistance of victims and potential victims of trafficking in human beings entered into force on November 18, 2008;
- The regulation on establishing and providing social aid under Government Decision # 1167 from 16 October 2008 was approved on October 21, 2008;
- The draft law on modification and completion of the state social insurance budget for 2008 was approved (under Government Decision 1396 from 8 December 2008);

- Government Decision # 1344 approving the national action plan on preventing and combating the child violence for 2009-11 entered into force on December 9, 2008;
- Law # 203 concerning the modification of Law # 484-XV from 28 September 2001 on partial ratification of the Revised European Social Chart entered into force on October 28, 2008;
- A new subdivision called the directorate on social protection policies for disabled people was created within the Ministry of Social Protection, Family and Child to promote the social inclusion of these categories.

Shortcomings and problems:

- The National Strategy on Social Inclusion of Disabled People for 2009 – 2013 was not approved so far, though it should be a result of the signing of the U.N. Convention on the Rights of Persons with Disabilities on March 30, 2007;
- The adoption of Law # 45 from 1 March 2007 on preventing and combating domestic violence is not supported by the functioning of an efficient system of collection, production and dissemination of statistics in the area, which would ensure the analysis and monitoring of the enforcement of state policies.

Public health

Progress:

- The concept on reformation of the State Sanitary-Epidemiological Service into the State Public Healthcare Supervision Service (under Government Decision # 1424 from 15 December 2008 was approved on December 23, 2008);
- Government Decision # 1322 approving the draft law on modification of the law # 268-XVI from 7 December 2007 on mandatory health insurance funds for 2008 entered into force on December 2, 2008;
- Government Decision # 1314 on optimisation of activity of some public medical-sanitary institutions entered into force on December 2, 2008.

Shortcomings and problems:

- The Health Ministry did not remedy so far some problems in the period concerned, including the high number of appeals which halt the focus on strategic priorities set by national strategic documents, insufficient motivation of public functionaries, inefficient communication with subordinated subdivisions, etc. The resolution of these and other problems faced by the national system rests with the successful implementation of the priorities set in particular in the strategy on development of the healthcare system for 2008-2017.

7. INTERNATIONAL TRADE

Commercial Relations (Trade regime with EU)

Progress:

- Statistics on external trade in the first ten months of 2008 reveal a strengthening position of the EU market in the top of destinations for Moldovan exports. The introduction of the new trade regime encouraged the export of some important groups of commodities such as sugar (through introduction of quotas) or metal items (through introduction of single origin norms for all EU members);
- Only wine and sugar exporters have explored all advantages provided under Autonomous Trade Preferences (ATP). According to MEC accounts, export companies sought them in November. Quotas for grain exports were not used up yet;
- In 2009 Moldovan authorities shall focus their efforts on establishing priorities and elaborating a position on negotiating an agreement concerning the setup of a deep and comprehensive free exchange area between the Republic of Moldova and European Union;

Shortcomings and problems:

- Behind the border barriers halt the boosting of benefits that Moldova could enjoy from the new trade regime; for example, the blocked animal exports because of violated community standards in the area. These barriers will have worse effects in the event of an eventual free trade agreement with the EU.

Export promotion and development

Progress:

- The trade deficit continued to grow in January-October 2008, reaching 2.5 billion dollars, which is by nearly 50 percent more than in the similar period of 2007¹³³. Although both exports and imports have increased much in the period concerned, by 27 percent and 41.4 percent respectively, an unimportant deceleration of the growth was observed in October, compared with September. Available data do not confirm certainly that this is a first effect of the global economic crisis. However, both signs of reversion of dynamic of money transfers from other countries (though investments start playing a stronger role in the recent economic growth) and reports by many export companies fuel forecasts on lower trade inflows in the near future;
- However, exports to EU maintained their ascending trend (+30.3%) in January-October, particularly due to vibrant supplies to Romania. This country absorbs 21.3 percent of all Moldovan exports to the community market. In general, Moldovan exports to all important trade partners (for Moldova) have increased, except for Germany and Bulgaria;
- The growth of Moldovan exports to Romania is especially sustained by accession of this country to EU and introduction of ATP between EU and Moldova. Thus, quotas for sugar exports have been introduced due to the new trade regime, and almost all sugar supplies go to the Romanian market. At the same time, exporters of metal items indicate positive effects of single origin rules for all EU member states which helped increasing exports to Romania¹³⁴. As well, Romania's accession to EU brought some investments from Romania to Moldova, with the transfer of some production capacities by the German company Draexlmaier from Romania to Balti being the latest and well-known example. Other examples are enterprises manufacturing clothes and footwear, furniture, etc. It is worth to mention that effects of the crisis hit this sector of Romania, too, as all five factories of Draexlmaier based in this country have been shut up temporarily in late 2008¹³⁵;
- Spirits exports (bottled wines cover more than 80 percent of all supplies) to EU market have rapidly increased in January-October 2008, by 41 percent, but supplies to CIS advanced more, by 68 percent¹³⁶. At the same time, there are symptoms that prospects of spirits exports, particularly to the eastern direction are worsening. Supplies to the Kazakh market (where the economic crisis has started earlier) have dropped much, and following could be other important eastern markets. Even more, some companies in Ukraine already face arrears by importers and demands are on a serious decline¹³⁷;

Shortcomings and problems:

- Major risks for external trade will come from the negative external conjuncture on background of spreading of the global economic crisis. Rise paces of trade exchanges may decelerate in the near future. Exports will be hit by the anaemic demand on markets of key trade partners, which will be a consequence of the flattening of economic crisis in these countries. On the other hand, imports will be affected above all by declining remittances and indisposition of current and potential investors making business or which could start up business in Moldova towards risks.

Sanitary and phytosanitary standards

¹³³ Hereinafter NBS accounts (except for statistics on spirits).

¹³⁴ Logos Press, 24.10.2008.

¹³⁵ http://www.mediafax.ro/economic/draexlmaier-inchide-temporar-toate-cele-cinci-fabrici-din-romania.html?1686_3612513.

¹³⁶ According to data by the Agro-Industrial Agency Moldova-Vin.

¹³⁷ Logos Press, 12.12.2008.

Progress:

- The process of adopting phytosanitary and sanitary norms adjusted to EU regulations has developed much in the last quarter of 2008. The following phytosanitary and sanitary norms were adopted: concerning sanitary-veterinary checks on animal imports adjusted to the EEC Directive (91/496/CEE); concerning farm animal protection (adjusted to the Council of Europe Directive 98/58/CE from July 20); concerning the farm animal protection; on laying down minimum standards for the protection of calves confined for rearing and fattening, adjusted to the Council of Europe Directive 91/629/CEE; concerning the beef labelling, adjusted to Title II "Labelling of Beef and Beef Products" of EC regulation No 1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products; concerning the establishing of certain fundamental principles for the organisation of sanitary-veterinary checks on import and trading of animal products; concerning the frequency of physical checks on certain lots of imported animal products; concerning the establishing of procedures for sanitary-veterinary checks on import of animal products via sanitary-veterinary stations organised within customs stations;
- Decision # 1189 concerning the establishing of the Sanitary-Veterinary Agency for the Safety of Animal Products and approval of its regulation, structure and limit effective. The opening of this agency simplifies and optimises the institutional structure in the sanitary-veterinary area which previously involved several institutions while the distribution of prerogatives was not very clear. The agency is established through the merger of the State Veterinary Inspectorate of the Ministry of Agriculture and Food Industry with state district/municipal veterinary services and State Veterinary Service for Border and Transport. The agency will be subordinated to the Ministry of Agriculture and Industry and will be the central public agency in charge with implementing and monitoring policies and strategies on sanitary-veterinary area, and safety of animal products, as well as with controlling and supervising safety of raw material and animal products and health of animals and operation of livestock exploitations;
- A series of technical regulations on agro-food sector were approved: RH "Packaging, transport and maintenance of fruit, vegetables and fresh mushrooms", which facilitates the implementation of the Codex Alimentarius Commission's Code concerning the packaging and transport of fresh fruit and vegetables CAC/RCP # 44, 1995, amendment 1-2004. The regulation sets specific conditions for packaging, transport and storing of fresh fruit, vegetables and mushrooms. Under the regulation, the products will be labelled accordingly to their quality, size, ripening and safety; RH "Mushrooms. Mushroom Products" adjusted to the community legislation concerned.

Shortcomings and problems:

- The Ministry of Agriculture and Food Industry will draft the regulation concerning the automatic information system for labelling beef and enforcing in slaughter-houses and the methodology on integration of the automatic information beef labelling system into the system of identification and registration of animals to ensure the traceability principle.

8. BUSINESS CLIMATE

Overview

The Moldovan business climate underwent some positive evolutions in the 4th quarter of 2008. Unfortunately, it also faced some negative evolutions. The latter were mainly influenced by exogenous factors (such as international financial crisis) as well as government-controlled factors.

Major evolutions:

- According to reports published by NBM in the 4th quarter of 2008, foreign direct investments in Moldovan economy continue to grow. The FDI inflow in the first nine months of 2008 accounted for 520 million dollars compared with 298 million dollars in January-September 2007 (+74%). In particular, subscriptions to the registered capital of enterprises have increased from 129 million up to 316 million dollars (+144%)¹³⁸. Official estimates for FDI inflows into Moldovan economy in 2008 account for 600-650 million dollars¹³⁹. Despite positive regional comparisons for Moldova, it is unclear so far if Moldova has really turned into an “island of stability for investors,” as the minister of economy and trade has told a meeting with foreign investors¹⁴⁰. The publishing of the balance of payments for the 4th quarter will reveal the truth. If the FDI inflow maintained its rise pace, one may affirm that the international financial crisis went easy with the Republic of Moldova at a certain extent¹⁴¹.
- The Government adopted and delivered to the Parliament the draft Customs Procedure Code on December 10, 2008. This document tries to unify the customs regulation rules and norms into an integral system and substitute the current complex and non-integrated customs management system based on legislative, normative acts and departmental instructions. The current system is both the source of barriers on way of external trade and halts combating the corruption and simplifying the bureaucratic procedures in the customs system.
- On October 17, the Parliament voted a series of amendments and completions to the law on normative price and sale-purchase of land.¹⁴² Key amendments include new coefficients to calculate the sale price of plots adjacent to privatised facilities or facilities which are being privatised. The lowest coefficients are applied on fields from rural areas, and this will reduce the price of adjacent plots. By promoting these amendments, the Ministry of Economy and Trade expects the modifications to have a positive influence on activity of economic agents, attract domestic and foreign investments and extend the small and medium business.
- After the Parliament adopted some legislative amendments,¹⁴³ producers and exporters who could not repatriate export-related currency because of the Russian trade embargo in 2005-06 will not be sanctioned. Although it envisages above all the makers and exporters of Moldovan wines affected by Russia's actions, the law says that no sanction is applied “in case of impossibility to repatriate the currency following the groundless interdictions applied by countries of external economic partners and confirmed under governmental decisions.” Previously, the term for the repatriation of currency by economic agents which exported spirits to the Russian Federation in April 2005-2006 was extended until October 1, 2007, but the problem was not resolved completely. In particular, some of the exported production was destroyed and the expenses cannot be recovered.
- The Government proposed a new instrument to amicably settle financial litigations. Under amendments to Title V of the Fiscal Code approved by the executive and included into the chapter Fiscal Mediation, these litigations will be settled with the participation of a third person. The draft says that any individual who are a citizen of Moldova may be fiscal mediator to assist taxpayers and fiscal bodies to find solutions to fiscal problems. A mediator shall have a fiscal experience of at least two years, shall not have criminal records, and the remuneration shall be based on a contract, regardless of the mediation results. The conciliation agreement signed between the parties shall be executed and in the event that one party does not honour the assumed commitments, the other party will ask the law court to take actions for the forced execution of the accord.
- The Government of Moldova and the European Commission signed in December three funding agreements worth 141 million Euros overall in the framework of the European Partnership and Neighbourhood Instrument (EPNI). Moldova is the first country with which the European Union signed funding agreements within the EPNI. In terms of prospects to improve the investment climate, it is essential that some funding from these agreements will go to road repairing.
- The National Agency for the Protection of Competition has intensified efforts aimed to control situations of monopoly and prevent their negative effects. In September 2008 ANPC instructed IM Apa-Canal Chisinau SA to stop indicating water meters to consumers and to cover expenses for the installation of meters. ANPC has recently obliged the state company Chisinau International Airport and SA „Taxi-Service” to cancel any cooperation contracts which limited the competition on taxi service market.

¹³⁸ http://bnm.md/md/balance_of_payments, „Balanța de plăți a Republicii Moldova pentru primele 9 luni ale anilor 2007 – 2008 Prezentare standard, succintă”.

¹³⁹ Basa-Press, “Igor Dodon: Investițiile străine directe în economie vor atinge nivelul de 600-650 mln USD, în 2008”, 27/11/2008.

¹⁴⁰ Idem.

¹⁴¹ Key inflows into Moldovan market in the 4th quarter include the opening of a branch of the German company Draxlmaier in Balti (though the proper investments were made earlier). The company manufactures power systems for auto industry and is the provider of manufacturers such as BMW, Audi and others. The opening of the German representation brought nearly 2,000 jobs and clear prospects to increase the number of jobs..

¹⁴² Moldovan Law # 210-XVI from 17 October 2008 concerning the modification and completion of Law # 1308-XIII from 25 July 1997 on the normative price and sale-purchase of land.

¹⁴³ Law # 209-XVI from 17 October 2008 concerning the completion of Article 5 of Law # 1466-XIII from 29 January 1998 regulating the repatriation of currency, goods and services from external economic deals.

- The new law on telecommunications entered into force on September 15 and simplified the access of operators willing to provide telecommunication services. The new law allows individuals to join the market as operators with the condition that they have confirmed technical capacities to provide services. The new law creates the most liberal framework of access to the market compared with all CIS and South-East European countries.

Shortcomings and problems:

- The European Court of Human Rights has obliged the Moldovan Government to pay a record amount of 6.7 million Euros to the German company Unistar Ventures GmbH. While earlier Moldova lost economic cases with origins in the period before the PCRVM victory in 2001, cases which are very expensive for the public budget and for which the incumbent governing is responsible appear. The new case lost by Moldova in front of ECHR revealed both grave problems relating to protection of investments and property and cynicism of some public officials towards funds of foreign investors.
- Imperfections of the public procurement system reveal the hidden weakness of the Moldovan investment climate and bring major problems in relations with funders. The latest example was recorded in December 2008, when the World Bank annulled an amount of 11 million dollars of the overall credit worth 16 million dollars released to Moldova by the International Development Association (IDA) for the road building programme. The World Bank Office invoked irregularities related to the procedure of selection of a company to perform the works.
- According to preliminary data, the capital legalisation reform initiated in April 2007 and completed on December 30-31, 2008 was a total failure. According to statements made by officials of the fiscal service in late December, over 15.4 million dollars was legalised throughout the legalisation term. Some amounts could be legalised in the last days of December 2008, but performances do not meet the optimistic expectations of authorities announced in April-May 2007.
- Once started, it is hard to stop the fiscal or quasi fiscal amnesties. A proof in this regard is the fact that the Moldovan Parliament has recently voted the restructuring and annulment of debts of some energy enterprises towards the Ministry of Finance, Moldova-Gaz and Moldtranselectro. Developers of this initiative speculated that adopting it is opportune to extend electricity generating capacities and modernising existing equipment. But it is hard to believe that such forms of support would have positive economic effects. This does not improve fundamentally the investment climate, but undermines the fiscal discipline.
- Regretfully, the privatisation rounds in the 4th quarter of the last year brought much more modest results than expected by Government and agency for public property. Only six out of 54 share packages on sale were purchased during the round of auctions on November 4-7, 2008 in exchange for only 4 million dollars. Five out of 10 available facilities were privatised during the December round and 125 million lei was raised.
- Air Moldova Company, Coffee House of the Parliament and the hotel complex Codru were introduced in the list of facilities on sale. The Parliament has made a decision in this respect. At the same time, the Government decided to exclude the Coffee House of the Government and the Coffee House Sanatate Doina from the list of facilities on sale. No arguments why the first three facilities were included in the privatisation list and the other two were eliminated are known.
- The Moldovan Union of Importers addressed an open letter to prime minister of Moldova in early October, expressing discontentment with the way the ecological tax on plastic packaging was introduced.¹⁴⁴ According to importers, this tax discriminates the importers over domestic producers who use the plastic packaging. But the essence of the dialogue consists in the lack of an effective and systematic dialogue between Government and representatives of the private sector concerning some issues. The law on transparency of the decision-making process was approved with the view to build a framework for such a dialogue. The essence of the law consists in the obligation of central and local public authorities to make public draft decisions before adopting them. The public will be informed when decisions will be drafted. Recommendations by citizens and their organisations will be considered by authorities in charge with the drafting who will decide on the necessity of including them in the final text of the decision.

¹⁴⁴ Published in issue # 36 (772) of Logos Press from 3 October 2008.

Cooperation between border management agencies

Progress:

- The 11th sitting of the EUBAM Advisory Board chaired by the Head of the European Commission Delegation to Moldova, Mr. Cesare de Montis, took place on October 14, 2008. The board convened in Chisinau for the first time, as it traditionally met in Odessa¹⁴⁵. The board heard the action report for June-September 2008 which revealed evolutions in the area of cross-border cooperation, especially within the 5th joint border control operation FOCUS 2. Following the operation conducted by 14 law enforcement bodies from Moldova and Ukraine jointly with EUBAM, Moldovan and Ukrainian services have discovered 293 smuggling cases at border crossing stations and over the green border. The overall value of the goods held during the operation exceeds 1 million Euros. Certain special operations were organised to combat trafficking in human beings, illegal migration and discover forged identity cards. In particular, several illegal migration itineraries and *modus operandi* of organisers were identified. In addition, the Board assessed the progress in implementing the EUBAM recommendations set in May 2006, encouraging the Customs and Border Guard Services from both countries to keep implementing them. A next assessment in this regard is set for November 2009. As well, the Board approved the Action Plan for 2009 which is structured on eight areas of intervention, including prevention and investigation of border-crossing crimes, anti-corruption measures, optimisation of border control, and contribution to a peaceful settlement of the Transnistrian conflict¹⁴⁶. Taking part in the sitting was also Deputy Prime Minister Andrei Statan, minister of foreign affairs and European integration of Moldova, who said that EUBAM is a successful story which exercises its functions efficiently in accordance with its mandate, and stressed the importance of keeping the Mission on the field until the accomplishment of all objectives¹⁴⁷.

Shortcomings and problems:

- EU deploys officers to Romania to participate in border supervision operations aimed at reducing illegal migration from Moldova. Following Romania's accession to EU, the illegal migration has grown twofold compared with last year, with Romania becoming an itinerary targeted particularly in the light of prospects of this country to join the Schengen Area in 2011¹⁴⁸. The European Agency FRONTEX¹⁴⁹ is operating at the Moldovan-Romanian border, using modern control equipment which helps discovering more illegal migration attempts.

Evaluation and monitoring of migration

Progress:

- The National Commission for Population and Development chaired by Deputy Premier Victor Stepaniuc has decided at the last sitting to finalise the draft national strategy on demographic security by February 1, 2009. The document stipulates the key directions of activity in the area for 2009–2023, being correlated to NDS actions for medium term. Thus, necessities to build social housing, develop infrastructure, supplying drinkable water and energy, protect environment, etc. were tackled among others. At the same time, the document stipulates actions capable to improve the birth rate, life expectancy, reduce migration, optimise employment policies, etc. The same sitting examined the draft Green Card of Population, which will be printed with the UNFPA support, and the process of elaboration of statistical databases on departed people, their staying abroad and comeback¹⁵⁰.

Shortcomings and problems:

- The number of Moldova's people who turned 65 years old will grow two-fold the next two decades, with the ageing process advancing in an unprecedented pace. This is the conclusion of ASM researches which found out that the massive migration is the main reason of rapid ageing. Therefore, each 5th person in Moldova will turn 60 shortly. According to academician Gheorghe Paladi, the process of ageing of Moldovan population started after the collapse of the USSR, when the poverty had deepened and migration increased. Many of those who left the country are young employable people and reproductive women. Their departure has suddenly reduced the birth rate¹⁵¹.
- Moldovan nationals working abroad could be one of easiest ways to import the world crisis in Moldova. This opinion belongs to economic experts Veaceslav Negruta and Sergiu Gaibu, who told the sitting of the press club on November 19 that Moldova will experience the effects of the crisis in 2009. According to experts, a high number of Moldovans who are working in European countries will come back home because their employers will ask them to cede their jobs to citizens of European countries. This trend is already confirmed

¹⁴⁵ The EUBAM Advisory Board convened in Chisinau for the first time, 14.10.2008, <http://www.info-prim.md/?x=22&y=18364>.

¹⁴⁶ EUBAM and partners adopt new measures for 2009 to further improve management of the Moldovan-Ukrainian border, 14.10.2008, <http://www.eubam.org/index.php?action=show&sid=pdc3aa3pzeixsz4x8uahxywcb4g42tj&id=603>.

¹⁴⁷ Andrei Statan: EUBAM becomes a successful story, 14.10.2008, <http://www.mfa.gov.md/noutati/3602/>.

¹⁴⁸ The Romanian-Moldavian border – a top concern for the EU, 06.11.2008, <http://soderkoping.org.ua/page21665.html>.

¹⁴⁹ European Agency for management of Operational Cooperation at external Borders of the European Union Member States.

¹⁵⁰ National strategy on demographic security will be finalised by February 1, 2009, 10.12.2008, http://www.reporter.md/view_news.php?lang=rom&id=14655&cat=0.

¹⁵¹ Moldova – in front of an acute demographic crisis, 28.11.2008, <http://www.timpul.md/Article.asp?idIssue=903&idRubric=9302&idArticle=20839>, Moldovans run the risk to disappear in 50 years, 17.12.2008, <http://www.unimedia.md/index.php?mod=home&hmod=newsbyid&id=8699>.

by a series of measures taken by destination countries to reduce the jobs for foreign employees¹⁵². Returning to Moldova, the volume of remittances will drop very much and the purchase power of Moldovans will fall down as well. At the same time, imports are expected to drop suddenly, especially in terms of consumer goods, and this phenomenon will be based on the same reason – the drastic decline of the purchase power of people. Although Moldovan officials assured more than once that the economic crisis which affected almost all countries will not hit Moldova, economists were concerned that the Moldovan authorities do not want to recognise the presence of the crisis in Moldova and do not take the necessary measures to anticipate its impact¹⁵³.

- Hundreds of Moldovans were included in the black list of Estonian immigration services because of entering this country illegally. Nearly 2,500 foreign citizens are part of the black list of Estonian authorities and were restricted the right to enter this state. According to the magazine Baltic Business, most of people included in the list are citizens of the Russian Federation, Ukraine, Armenia, Belarus, as well as Moldova and Zimbabwe. Representatives of the Estonian Immigration Service said that those people were included in the black list because they are accused of crimes, are dangerous for society or violated the immigration rules by using forged documents¹⁵⁴.

International cooperation

- Chisinau hosted the second Meeting of the Cooperation Platform of the Moldova-EU Mobility Partnership on November 25, 2008, which brought together representatives of national institutions and member states involved in the implementation of the Mobility Partnership with Moldova. The Moldovan side told European fellows that a committee was set up to monitor the implementation of the Partnership, while EU representatives presented and coordinated with national institutions the modality of cooperation and implementation of draft projects in the framework of the Partnership. It was agreed at the end of the meeting to organise the next Cooperation Platform in the 1st quarter of next year and to work out a report for 2008 concerning Progress in the area of the Moldova-EU Mobility Partnership¹⁵⁵.
- A social security agreement between Moldova and Bulgaria was signed on December 5, 2008, during the official visit of Prime Minister Zinaida Greceanii to Sofia. This is the first agreement of this kind signed with a European state and aims to ensure a framework of social security guarantees for migrant workers (and their families) from Moldova who worked abroad for a while. The agreement aims to contribute to welfare of future retirees from category of migrant workers, protecting the rights and social and economic interests of Moldovan nationals who have permanent residences or hold temporary activities in Bulgaria. Uninsured people do not fall under incidence of this document. Moldova is negotiating similar agreements with Romania, Portugal and the Czech Republic. Some countries which host many Moldovans expressed readiness to sign bilateral social security agreements with Moldova, including Greece, Italy, Latvia, Poland, Belgium, Luxembourg and Israel¹⁵⁶.
- On December 2, 2008, the deputy minister of foreign affairs and European integration, Valeriu Ostalep, attended the 96th meeting of the IOM Council in Geneva. Ostalep highly appreciated Moldova's cooperation with IOM, especially with the Chisinau Mission. As well, aspects of the Mobility Partnership with the EU, promotion of efficient migration management, as well as the necessity of maintaining a permanent dialogue at regional and international levels were revealed. The deputy minister met Ambassador William Lacy Swing, new IOM Director-General, and discussed Progress made by Moldovan Government in the migration area, impact of joint Moldova-IOM projects, as well as prospects of bilateral cooperation.¹⁵⁷
- Prime Minister Zinaida Greceanii has met Martin Wyss, representative of the IOM Mission in Moldova. Mr. Wyss highlighted successful cooperation with Moldovan Government and structures involved in the fight against trafficking in human beings and illegal migration, and said that the IOM Mission made great progress in getting information about illegal migration and trafficking in persons due to great cooperation with governmental structures and external partners. At the same time, the IOM representative indicated some shortcomings in the information unification process, which affects Moldova's image outside. He stressed that the IOM is doing its best to be a good advocate of Moldova within European organisations, to change preconceived opinions about situation in Moldova in terms of illegal migration and trafficking in persons, including children. Wyss appreciated the extended presence of the Ministry of Social Protection, Family and Child in rural areas of the country by instituting social assistants, and noted that the SNR set by Government will systematise data and build at the Government level a coordination mechanism for partners working in this area¹⁵⁸.

Harmonization of internal legislation with European norms

¹⁵² List of available jobs for foreign employees in the United Kingdom Decision on is being reduced, 04.11.2008, http://www.comunicate.md/index.php?task=articles&action=view&article_id=411. Russian authorities are ready to settle the crisis situation on labour force market, 06.11.2008, http://newsmoldova.md/news.html?nws_id=759353.

¹⁵³ Moldovans from other countries could import the world crisis in Moldova, say national experts, 20.11.2008, <http://www.info-prim.md/?x=24&y=19336>.

¹⁵⁴ Estonia has a black list of Moldovan citizens, <http://garda.com.md/stiri/estonia-are-o-lista-neagra-cu-cetateni-din-moldova>.

¹⁵⁵ New meeting on Mobility Partnership took place, 25.11.2008, <http://www.mfa.gov.md/noutati/472410/>.

¹⁵⁶ Moldova and Bulgaria sign a social insurance agreement, 10.12.2008, <http://www.mpsfc.gov.md/md/comunicate/2794/1/3541/>.

¹⁵⁷ Moldova's cooperation with International Organisation for Migration assessed in Geneva, 02.12.2008, <http://www.mfa.gov.md/noutati/472490/>.

¹⁵⁸ Prime Minister Zinaida Greceanii has met Martin Wyss, representative of the International Organisation for Migration in Moldova, 03.11.2008, <http://gov.gov.md/md/comunicate/?nid=798017&y=2008&m=11&p=7>.

- The Parliament has approved the Strategy of the National Referral System (NRS) for the protection and assistance of victims and potential victims of trafficking in human beings and the action plan on implementation of the strategy for 2009-2011. The strategy aims to integrate the existing system of protection and assistance of trafficking in human beings into the social assistance system. The planned actions include the harmonising of national legislation on preventing and combating the trafficking in human beings with the international legislation, building a national system for referral of victims and potential victims of trafficking, developing the system of monitoring and evaluation of victims, developing services of protection and social assistance for children and adults, etc. For this purpose, the strategy is an essential tool to implement the law on preventing and combating the trafficking in human beings.¹⁵⁹
- The law concerning the legal status of adoption was adopted on December 25, 2005 to regulate the legal relations on protection of the child rights through adoption, cooperation between public administration authorities and nongovernmental organisations and international cooperation in the area. Under the law, priority will be granted to national adoptions, while the international adoption will be operated via specialised organisations registered with the Ministry of Justice. The necessity of drafting and adopting this law was established by the Supreme Security Council, which decided at a sitting in early 2005 that interventions in this area are required.¹⁶⁰
- On November 12, 2008, the Government approved the National Action Plan on preventing and combating the violence against child for 2009-2011.¹⁶¹ The plan aims to prevent and combat the violence against children in various social environments such as family, educational institutions, residential institutions, and society. The goals of the plan include among others the harmonisation of national legislation and development of institutional framework on preventing and combating the violence against children.¹⁶² The document is also relevant in terms of efforts against trafficking in human beings, as the child violence is a cause of human trafficking.
- The new law on asylum in the Republic of Moldova was adopted on December 18, 2008 to set the legal framework of foreigners who seek protection in Moldova, the legal status of protection beneficiaries, the procedure of providing, ceasing and annulling the protection forms in Moldova.
- The Government has delivered to the Parliament the draft law on regime for foreigners in Moldova in order to examine it. Under the draft, foreign citizens who illegally entered Moldova will be restricted access for ten years. It also contains restrictions for foreigners who legally entered Moldova and violated the stay regime. In particular, an interdiction of one year will be introduced for an illegal stay of between 3 months and 1 year, two years for an illegal stay of between one and two years, and three years for an illegal stay of between two and three years. At the same time, a five-year restriction will be in effect for an illegal stay of more than three years, a 3-year restriction for those who worked illegally, and five years for those who deliberately told false personal information and those expelled.¹⁶³

Visa facilitation policies

- The cabinet of ministers made a decision on December 12, 2008 to begin negotiations on the draft Agreement between Moldovan and Israeli Governments concerning the visa-free trips for the citizens of the two countries.¹⁶⁴ On that occasion, Deputy Premier Andrei Stratan, minister of foreign affairs and European integration, said that Moldova develops successful cooperation relations with Israel in economic, cultural and humanitarian areas. In addition, many Moldovan nationals work in Israel, a large group of people who lived in Moldova once and repatriated themselves meanwhile, but have good memories about Moldova would like to visit it more often. Stratan noted that Israel signed a similar agreement with the Russian Federation on March 20, 2008 and now it is negotiating one with Ukraine.¹⁶⁵
- In early December 2008, the deputy minister of foreign affairs and European integration of Moldova, Valeriu Ostalep, was on a working visit to Switzerland and met among others the representative of the Federal Department for Migration, Mr. Laurent Perriard, and discussed possibilities of Switzerland to join the Common Visa Issuance Centre and the eventual signing of a visa facilitation agreement in the framework of Switzerland's accession to the Schengen area.¹⁶⁶ The Moldovan side reiterated that the liberalisation of the visa regime with European countries is a priority for Moldovan authorities.¹⁶⁷
- A delegation led by Deputy Minister Valeriu Ostalep attended on November 19, 2008 the Meeting of the Moldova-EU Committee on the monitoring of the visa facilitation agreement. The meeting approved procedure rules of the Committee. As well, the parties agreed on necessary additional efforts to facilitate the issuance of EU visas for Moldovans. For this purpose, it was decided to hold a special sitting of the Joint Committee in Chisinau in the near future.¹⁶⁸

¹⁵⁹ The Parliament approved the strategy on the protection and assistance of victims of trafficking in human beings on 08.12.2008, <http://www.info-prim.md/?x=&y=19795>.

¹⁶⁰ E-journal, year VI, issue 129, 1–31.12.2008, <http://www.e-democracy.md/e-journal/20081231/>

¹⁶¹ Decision # 1344 from 01.12.2008, Published : 09.12.2008 in Monitorul Oficial Nr. 218-220, <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=329892>.

¹⁶² The Government approved the national action plan on preventing and combating the child violence for 2009-2011 on November 12, 2008, <http://www.mpsfc.gov.md/md/newsst/1211/1/3495/>.

¹⁶³ Foreigners who illegally entered Moldova will be restricted entry for 10 years, 12.12.2008, Reporter.md.

¹⁶⁴ Decision # 1419 from 12.12.2008, Published: 19.12.2008 in Monitorul Oficial Nr. 226-229 <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=330029>.

¹⁶⁵ Moldovan citizens will be allowed to travel to Israel without visas, 11.12.2008, <http://www.infotag.md/noutati/565693>.

¹⁶⁶ Switzerland has formally joined the Schengen area, 13.12.2008, <http://www.interlic.md/2008-12-13/elvetzia-a-aderat-oficial-la-spatziul-schengen-7748.html>.

¹⁶⁷ Valeriu Ostalep made a working visit in Switzerland, 2.12.2008, <http://soderkoping.org.ua/page21988.html>

¹⁶⁸ The visa facilitation issue will be discussed in Chisinau, 20.11.2008 <http://www.infotag.md/noutati/564760>

Trafficking in human beings: trends

- The criminal profile of the phenomenon is changing through the reduction of the number of proper human trafficking cases on background of the increasing number of organised illegal migration cases. This is the conclusion of the Moldovan Prosecutor's Office College, which considered the work of prosecutors in combating the trafficking in human beings in 2008.¹⁶⁹ In particular, 510 human trafficking offences were recorded nationwide in 11 months of 2008, compared with 495 offences in the similar period of 2007. The overall number includes 209 human trafficking cases, 152 procurement cases, 106 organised illegal migration cases, 28 cases of trafficking in children, 15 of illegal departure of children abroad. Energetic actions against trafficking in human beings in 2008 were mainly related to the negative assessment by the US Department of State's Report from June 2008, which said that the Government did not meet minimum standards and no major efforts in the area were observed, with Moldova being included in the 3rd assessment tier (the lowest level).¹⁷⁰ Later, in October 2008, the US Government reconsidered the rating and included Moldova in the 2nd assessment tier of the world report on human trafficking.
- By making such decisions, the US wants to capture attention on this global problem, reveal efforts of the international community and encourage other governments to take effective actions against all forms of trafficking in human beings.¹⁷¹ The positive steps made by Moldova in 2008 include the reopening of investigations which involve high-ranking complicity, as well as opening of new investigations concerning the alleged complicity of legal officials in trafficking. The Moldovan Government has already delivered public statements at a high level, condemning the complicity in trafficking in persons, issued a deontological code for law enforcement bodies, opened a check on officials involved in the fight against trafficking in persons, and set up an anonymous reporting mechanism on complicity in trafficking.¹⁷²

Shortcomings and problems:

- At the same time, Canada ranks Moldova among four leading countries which supply trafficked human beings to Canada, along with China, Philippines and Romania. These are the conclusions of the National Bureau for Statistics on crimes in Canada. The Canadian Immigration Office recorded 31 cases of trafficking in citizens from these countries in May 2007-2008. "These figures are just an iceberg peak," said Benjamin Perrin, trafficking expert of the Ministry of Immigration and Citizenship of Canada. Statistics will be shortly released at a conference organised by the Vancouver-based Bureau for Combating Trafficking in Human Beings.¹⁷³

Preventing THB and assisting victims

- Throughout the monitoring period the Ministry of Social Protection, Family and Child has organised the repatriation of minors inclusively from the EU¹⁷⁴. Most of children were repatriated from the Russian Federation in the period concerned¹⁷⁵. The repatriation missions are based on the regulation concerning the procedure of repatriation of children and adults, victims of trafficking in human beings, illegal trafficking in migrants, as well as unaccompanied children, approved by Government on August 7, 2008¹⁷⁶. The ministry organises the repatriation missions with the support of IOM and Swiss Foundation Terre des Hommes.
- During October 21-22, 2008, the international anti-trafficking conference "National Referral Mechanisms for the assistance and protection of victims of trafficking in human beings (NMR) – theory and practice" took place under the MSPFC aegis. The purpose of the conference was to consider the experience of five selected European countries (Bulgaria, Belarus, Moldova, Romania and Ukraine) in terms of implemented NMR, as well as to work out recommendations on efficient implementation of NMR¹⁷⁷.
- During October-December 2008, the IOM jointly with EUBAM organised a series of training sessions for border services from Moldova, Romania and Ukraine at border-crossing stations of the Moldovan-Romanian and Moldovan-Ukrainian borders, as well as Chisinau International Airport to identify victims and potential victims of trafficking in human beings. The purpose of the training cycle was to improve border-cross cooperation of border guards in the area of identification and referring of victims and potential victims of trafficking in human beings for assistance, to enrol border guards in NRS, as well as to enhance awareness over problems relating to trafficking and illegal migration¹⁷⁸.

Coordinating actions and combating human trafficking

¹⁶⁹ Year 2008 – combating trafficking in human beings, 16.12.08, <http://www.procuratura.md/md/news/1211/1/2665/>.

¹⁷⁰ Cases of proper human trafficking are on the decline, while organised illegal migration cases are on the rise, 2008-12-16/11:07 <http://www.info-prim.md/?x=&y=19967>.

¹⁷¹ Moldova moved up to tier 2 in trafficking in persons, October 10, <http://moldova.usembassy.gov/pr102908.html>.

¹⁷² Reopening of high-ranking complicity investigations assessed by the US Government, <http://garda.com.md/stiri/reinitierea-investigatiilor-de-complicitate-la-nivel-inalt-in-traficul-de-persoane-apreciata-de-guvernul-sua>.

¹⁷³ Moldova and Romania – suppliers of trafficked human beings to Canada, <http://www.civic.md/stiri/moldova-si-romania-furnizori-de-fiinte-umane-ale-traficului-in-canada.html>.

¹⁷⁴ A Moldovan child was repatriated from Ireland, 22.12.2008, <http://www.mpsfc.gov.md/md/news/1211/1/3560/>. A Moldovan child was repatriated from Spain, 25.12.2008, <http://www.mpsfc.gov.md/md/news/1211/1/3563/>.

¹⁷⁵ Seven Moldovan children were repatriated from the Russian Federation today, 02.10.2008, <http://www.mpsfc.gov.md/md/news/1211/1/3462/>. A Moldovan child was repatriated from the Russian Federation, 27.12.2008, <http://www.mpsfc.gov.md/md/news/1211/1/3567/>. Six Moldovan children were repatriated from the Russian Federation, 08.12.2008, <http://www.mpsfc.gov.md/md/news/1211/1/3536/>.

¹⁷⁶ Decision # 948 from 07.08.2008, Published: 12.08.2008 in Monitorul Oficial No. 152-153, <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=328840>.

¹⁷⁷ Chisinau hosted the international anti-trafficking conference, 22.10.2008, <http://www.mpsfc.gov.md/md/news/1211/1/3473/>.

¹⁷⁸ Press release by IOM Chisinau, 17.09.2008, http://www.iom.md/materials/press/2008_09_15_bg_training_rom.pdf.

- The Committee of Member States of the CoE Convention on Action against Trafficking in Human Beings convened in sittings on December 5 and 8, 2008 to elect members of GRETA, the group of experts responsible for monitoring implementation of the Convention by the Parties. GRETA will regularly publish reports evaluating the measures taken by the Parties and those Parties which do not fully respect the measures contained in the Convention will be required to step up their action. GRETA members were elected for a term of office of four years, beginning 1 January 2009. Mr. Vladimir Gilca, employee of the Interior Ministry, was elected on behalf of Moldova¹⁷⁹.
- After Moldova moved up to tier 2 in the monitoring list of the US Department of State, the US ambassador in Chisinau, Mr. Asif Chaudhry, introduced an Anti-Trafficking Action Plan to Premier Zinaida Greceanii on November 6, 2008. The Action Plan focuses on continuous identification of officials suspected of participation in human trafficking and their sanctioning by law courts. As well, the plan stipulates the drafting of a Conduct Code for participants in the anti-trafficking fight, the assistance of victims and protection of witnesses and other persons involved in legal proceedings, raising of awareness of public opinion over this issue etc¹⁸⁰. In her turn, Zinaida Greceanii assured that the Chisinau authorities realise the importance of combating the trafficking in human beings and noted that a new function of deputy prime minister held by Valentin Mejischi was introduced to improve coordination of anti-trafficking actions¹⁸¹.
- On November 28, 2008, the Cabinet of Ministers adopted the decision on establishing the council in charge with coordinating the prevention and combating crimes and corruption and approved its functioning regulation and members¹⁸² as follows: Deputy Premier Valentin Mejischi, Prosecutor-General Valeriu Gurbulea, the director of the Information and Security Service, Artur Resetnicov, Minister of Justice Vitalie Pirlog, Interior Minister Gheorghe Papuc, Customs Service director-general Viorel Melnic, Border Guard Service director-general Igor Colenov, and the chairwoman of the Chamber of Auditors, Ala Popescu. Under the functioning regulation, the council will coordinate actions of law enforcement bodies against these phenomena with the purpose to enhance their effectiveness. The council will monitor among others the trafficking in human beings and prevention of illegal migration. According to the Government, the lack of communication and coherent coordination in the area of prevention and combating of crime and corruption reduces the confidence of people and deteriorates Moldova's image¹⁸³.

¹⁷⁹ Election of the first composition of GRETA, http://www.coe.int/t/dg2/trafficking/campaign/Docs/Monitoring/GRETA_en.asp.

¹⁸⁰ US tabled to Chisinau Government an action plan against trafficking in persons, 07.11.2008, <http://social.moldova.org/stiri/rom/163265/>.

¹⁸¹ Valentin Mejischi was nominated deputy prime minister, 21.10.2008, <http://www.interlic.md/2008-10-21/valentin-mejischi-a-fost-numit-in-functia-de-viceprimministru-6754.html>.

¹⁸² Decision # 1341 from 28.11.2008, published on 05.12.2008 in Monitorul Oficial no. 215-217, <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=329877>.

¹⁸³ Government established the council in charge with coordinating the prevention and combating of crime and corruption, 27.11.2008, <http://www.info-prim.md/?x=&y=19521>.

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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 EU-Moldova Action Plan will be a complex and an important task as well. The Government, the MFAEI, and other central public authorities will play a key role in the enforcement of this Plan. And the civil society, too, plays an important role both in promoting the Plan 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 in the context of implementation of the Action Plan.

It bears therefore two objectives:

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

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

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

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