



ADEPT and EXPERT-GRUP

EUROMONITOR

Issue 5 (14), Edition IV

**Implementation of reforms initiated accordingly to EU-Moldova,
Assessment of progress in January-March 2009**

***This report is published with the financial assistance of the
Soros-Moldova Foundation***

Within the project

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

***Implemented by Association for Participatory Democracy ADEPT and Think Tank
EXPERT-GRUP***

Authors: *Igor BOTAN
Corneliu GURIN
Elena PROHNITCHI
Valeriu PROHNITCHI
Alexandru OPRUNENCO
Adrian LUPUSOR
Ana POPA
Victoria VASILESCU*

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

Summary:

ABBREVIATIONS AND ACRONYMS.....	4
INTRODUCTION.....	5
SUMMARY.....	6
1. POLITICAL DIALOGUE AND DEMOCRATIC INSTITUTIONS.....	8
2. CONSOLIDATION OF ADMINISTRATIVE CAPACITY	13
3. TRANSNISTRIAN CONFLICT	16
4. JUSTICE	20
5. ECONOMIC DEVELOPMENT AND REFORMS.....	22
6. SOCIAL DEVELOPMENT AND REFORMS	25
7. INTERNATIONAL TRADE.....	27
8. BUSINESS CLIMATE.....	29
ABOUT PROJECT AND ORGANISATIONS.....	31

ABBREVIATIONS AND ACRONYMS

BGS – Border Guard Service;

CCECC – Centre for Combating Economic Crimes and Corruption;

CCTP – Centre for Combating Trafficking in Persons;

CEC – Central Electoral Commission;

CHRM – Centre for Human Rights of Moldova;

CIS – Commonwealth of Independent States;

CoE – Council of Europe;

COEST – EU Council Working Group on Eastern Europe and Central Asia;

CPA Reform – Central Public Administration Reform;

CS – Customs Service;

DPI – Departament for Penitentiary Institutions;

EC – European Commission;

ECHR – European Court of Human Rights;

EGPRSP – Economic Growth and Poverty Reduction Strategy Paper;

ENP – European Neighbourhood Policy;

EU – European Union;

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

EUMAP – European Union – Moldova Action Plan;

FAO – Food and Agriculture Organisation;

FDI – Foreign Direct Investments;

GRECO – Grup of States against Corruption;

LPA Reform – Local Public Administration Reform;

MET – Ministry of Economy and Trade;

MEY – Ministry of Education and Youth;

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;

NAPHR – National Action Plan on Human Rights;

NBM – National Bank of Moldova;

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

NCEI – National Commission for European Integration;

NIJ – National Institute of Justice;

OSCE – Organization for Security and Cooperation in Europe;

PACE – Parliamentary Assembly of the Council of Europe;

PCA – Partnership and Cooperation Agreement;

PGO – Prosecutor-General’s Office;

RM – Republic of Moldova;

SCJ – Supreme Court of Justice;

SCM – Superior Council of Magistracy;

SPSEE – Stability Pact for Southern Eastern Europe;

USD – U.S. dollar;

INTRODUCTION

After being extended with about one year, the implementation of the European Union – Republic of Moldova Action Plan (EUMAP) followed the same inert path and just in late January 2009 the National Commission for European Integration (NCEI) convened in a first sitting and approved the priorities of the European Integration Agenda for 2009. They are grouped into two divisions, with the first one covering **actions to draft and enforce public policies** in the areas:

- Human rights and freedom of the media;
- Rule of law;
- Anti-corruption fight;
- Migration and border management;
- Investment climate;
- Social policies.

The second division covering **legislative actions** to be taken in 2009 includes a package of 21 laws, which will be adopted just during the autumn-winter session of the Parliament.

During February-March, the NCEI did not operate, as almost all its members were involved in the election campaign for parliamentary elections, with the process of implementation of the European Integration Agenda for 2009 being monitored by the **special interdepartmental cooperation group** set up on summer 2008 and made of representatives of key public institutions.

The implementation of the European Integration Agenda in the first three months of 2009 resides in a series of actions aimed to enforce the legislation and previously adopted normative acts, coordination of actions between public institutions involved and cooperation with European partners to begin negotiations on a new agreement with EU.

The election campaign for the Parliament of Moldova marked the European integration process as well, with central authorities paying less attention to the real fulfillment of priorities in the area, though they kept assuring of the community integration vector.

Euromonitor # 14 tells in brief some events and actions which had a positive or negative impact on accomplishment of priorities in the first three months of the year, approaching also some aspects which have a tangency or direct relevance to the implementation of community standards and recommendations in politics, legislation and real life of Moldova's citizens.

Political dialogue and democratic institutions

The dialogue between the Republic of Moldova and European Union has constantly developed in the 1st quarter of 2009. There were many meetings of EU-Moldova cooperation organisations, visits by Moldovan and European officials to Brussels/Chisinau, bilateral meetings with important officials from EU member states. During the meetings, the Moldovan authorities tried to persuade the EU to approve the negotiation mandate for a new and deeper Moldova-EU legal framework and sought the diplomatic support of EU member states to speed up the approval of the mandate. In their turn, European officials stressed the importance of holding a fair electoral process and organising fair parliamentary elections on April 5, 2009, as well as of quality of democratic reforms for the future Moldova-EU relations.

Moderate evolutions were observed in the area of democratic institutions. They include among others the consolidation of legislation on the rights of the child, employees and detainees, constant actions taken by the Ministry of Justice to improve the detention conditions, maintenance of the dialogue between public authorities and civil society by attracting civil society into discussion of draft public policy decisions. On the other hand, previously reported **problems** have not been settled, and they have even deepened on background of the 2009 electoral campaign. The election campaign developed with derogations from the electoral legislation. Human rights (freedom of expression, right not to be tortured, right to a fair trial, right to legal assistance, right to property, right to access to information, electoral right etc.) continued to be violated, increasing the number of applications against Moldova submitted to ECHR and deteriorating the external image of the country. Other signalled problems are: imperfect enforcement of the law on public assembly by the police; violation of the media freedom through ill-treatment and intimidation of journalists; biased information of voters by public media outlets to advantage the ruling party; reduced access of people to public information; delayed adoption and enforcement of laws in the area; imperfect enforcement of legislation on human (child) rights or ignorance by decision-making bodies etc.

Consolidation of administrative capacity

Progress indicated by external and internal observers include so far the adoption of some laws and normative acts, continuation of ongoing reforms, relative social-political stability and external assistance provided in various areas. The **problems** are almost the same: imperfect enforcement of new regulations; politicising of public administration; lack of real reforms in local public administration area; and weak impact of anti-corruption actions.

Transnistrian conflict

The March 18, 2009 meeting in Barvikha between Russian and Moldovan Presidents Dmitri Medvedev and Vladimir Voronin, with the participation of Transnistrian leader Igor Smirnov finished with the signing of a declaration which says that the conflicting sides will keep direct contacts to stir up the political negotiation process; will actuate the work of expert groups aimed to strengthen confidence-building actions in the social-economic and humanitarian areas; the parties confirm the importance of "permanent consultations on political matters within the Transnistrian settlement negotiation process" ("5+2" format) and will make conditions to resume the works in this format as soon as possible, advisable in the first half of 2009; sanctions the role of stabiliser of the current peacekeeping mission in the region and considers grounded its transformation into a peace-guaranteeing operation under the OSCE aegis after the settlement of the Transnistrian conflict; expresses gratitude to the Russian Federation for its mediation efforts aimed at a plenary Transnistrian settlement. The statement concerned was a serious yielding by the Republic of Moldova, moving the emphasis and bringing in forefront the "2+1" consultations, a format to discuss principle-related issues which would be further adopted in the "5+2" format like accomplished facts. In this context, Ukraine's special representative to the "5+2" negotiations stressed that Ukraine accepts the "2+1" consultations but opposes any signing of political documents without its participation.

Rule of law

Progress in this area are due to contribution of SCM and international financial institutions, and efforts of employees in the system help increasing the number of considered cases and improving the quality of solutions. The number of prisoners is on the decline, with introduction of softer penalties being expected to further keep this trend. **Shortcomings** are linked so far to the insufficient independence of judges and political-administrative interventions; insufficient funding; high number of cases and low number of judges and other justice makers etc.

Economic development and reforms

Evolutions in the 1st quarter of 2009 were marked by the global economic and financial crisis on the one hand and by the pre-electoral period in Moldova on the other hand, so that Government's actions did not always met the economic developments. While consumption, production and investments kept falling since late 2008 and forecasts by IMF and World Bank are negative in terms of economic growth, unemployment rate, remittances and foreign direct investments for 2009, the Government did not take the necessary actions to remedy the situation by encouraging

consumption or sustaining producers, or the least it just made statements in this respect. Even more, some pre-electoral actions have deepened the budgetary deficit, as budgetary incomes have fallen much. The way the Government chose to get rid of the crisis by maintaining the stability of domestic currency was also followed by other countries, but it is dangerous. This may lead to a serious economic decline, which is already observed, and rapid breakdown of reserve currency. At the same time, NBM does not seize the reduction of inflationist pressures to encourage the crediting of economy and fails to get involved in the due time should it postpone the relax of monetary policy.

Social development and reforms

During January-March 2009, the social situation in Moldova underwent great evolutions in wide-interest areas such as social dialogue on employment, healthcare, social protection and integration. Other areas such as gender equality did not achieve great evolutions and rather proved that joint efforts are required to speed up processes and improve tools aimed at honouring international commitments of the country. An ample research on social exclusion in Moldova was initiated in the period concerned with the support of UNDP-Moldova, MET, NBS and others, which covers deprivation concepts, poverty and social cohesion, and its findings will be part of regional researches in this area. The research will provide a clearer picture of the social situation in general, evolutions and shortcomings of national systems.

Business climate

The domestic business climate was strongly influenced in the first quarter of 2009 both by external factors, especially repercussions of the world financial and economic crisis, and internal factors born by special particularities of the pre-electoral period, which made majority of investors wait for post-electoral developments in the country. Therefore, the decline in transportation, construction, industry, domestic trade sectors reveals the serious vulnerability of the Moldovan business climate in front of effects of the world economic crisis, including our country in the list of main losers of the crisis among countries in transition. As well, some negative evolutions of the domestic business climate were influenced inclusively by Government's actions, particularly the continuation of fiscal amnesty for some economic agents without specifying the selection criteria, and the completion of the law on insolvency which provides the Government with the possibility to advantage some businesses by extending the Plan Procedure. Major positive evolutions in the period concerned carry certain shortcomings which undermine their positive impact. Therefore, the rise in allocations from the fund for subsidizing agricultural producers is insufficient so far to redress this sector, while essential regulations aim to advantage large companies in particular. At the same time, the expected impact of the development programme of electronic industry until 2005, as well as of the state programme on sustenance of small and medium businesses for 2009-2011 could be undermined by the shortage of funding from state budget.

External trade

There are controversial evolutions. On the one hand, Moldovan companies continued to enjoy the Preferences provided by the European Union and the perspective of signing a free trade agreement between the EU and Moldova seems to be more realistic than before. On the other hand, the global economic and financial crisis hits seriously Moldova's external trade with the rest of the world. At the same time, it seems that exports to EU suffer less than supplies to CIS. Romania keeps being the No.1 market for Moldovan goods, so that the development of these relations requires a permanent pragmatic and balanced political dialogue. At the same time, progress in implementing sanitary and phytosanitary standards are limited so far. As compared with the last quarter, paces of adopting sanitary norms adjusted to European requirements have clearly slowed down, while practical efforts were insignificant so far. Positive evolutions include among others the operation of the Sanitary-Veterinary Agency for Security of Animal Products. However, the prospect of animal product exports for Moldovan companies is still far.

Political dialogue: overview

- The Troika of Political and Security Committee convened in a meeting on January 14, 2009 and discussed the political situation in Moldova, the Transnistria settlement process and progress made by Moldova to implement internal reforms in the framework of preparations for negotiating a new agreement with the EU. The Moldovan delegation appreciated the work of the EUBAM and asked the European Commission to extend the Mission's mandate after December 31, 2009;
- The National Commission for European Integration adopted the European Integration Agenda for 2009 and priorities of the Moldova-EU relations during the Czech EU Presidency (January – June 2009)¹;
- The consular visa service of the Italian Embassy to Moldova started working on January 28, 2009;
- The European Commission has decided to allocate 3 million Euros for local projects on promotion and monitoring of respect for international standards during the April 5, 2009 parliamentary elections. According to a statement delivered on that occasion by the Commissioner for External Relations and European Neighbourhood Policy, Mrs. Benita Ferrero-Waldner, these funds aim to help the Moldovan authorities to hold free and fair elections, but the European official encouraged Moldova to do its best "in order to strengthen the rule of law and honour all commitments on human rights and fundamental freedoms"²;
- The EU project "Support to the Export Promotion and Investments Attraction" was launched and negotiations on the draft funding agreement between Moldovan Government and European Commission for the projects "Technical and Twinning Assistance" as support to the Moldova-EU Action Plan have started³;
- The 5th meeting of the EU-Moldova Cooperation Subcommittee for Economy, Finance and Statistics took place on February 27, 2009⁴;
- Bilateral meetings with EU officials and visits by Moldovan and European officials to Brussels/Chisinau took place, with the sides discussing the negotiation of a new Moldova-EU agreement, liberalisation of visa requirements for Moldovans etc.;
- The Brussels-based European Council adopted on March 20, 2009 a declaration on the Eastern Partnership, which sets objectives, principles and action priorities of the new European initiative. According to the statement, the new initiative aims to develop tighter relations between EU and its eastern partners – Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine – by providing the prospect of political association and economic integration with EU. Cooperation between EU and partner countries will be ruled by principles of common involvement, differentiation and conditionality, and will be based on values such as democracy, rule of law, respect for human rights, as well as principles of market economy, sustainable development and good governing. The Partnership will provide a 600-million-euro financial support until 2013 within 4 cooperation platforms in the area of democracy, good governance and stability; economic integration and convergence with EU policies, energy security and people-to-people contacts⁵. According to the European Council, new association agreements with EU which would include consolidated and global free exchange agreements will be signed with the partners which made great progress to respect market economy principles and democratic values and are ready and capable to respect the related commitments⁶;
- The EU-Moldova COEST Troika took place on March 25, 2009 and discussed issues related to the election campaign for parliamentary elections in Moldova; latest evolutions in the Transnistria settlement process; future of EU-Moldova relations and negotiation of a new Moldova-EU agreement;

Democratic Institutions

Electoral Process

Progress:

- The Central Electoral Commission (CEC) has started preparing the parliamentary elections before the formal announcement of the Election Day, by accrediting national observers⁷;
- The process of preparation and administration of the 2009 parliamentary elections developed in an open and transparent manner, in accordance with regulations and terms foreseen by the Election Code.⁸
- CEC held an ample campaign to inform voters nationwide and nationals from other countries regarding the voting procedure.⁹
- The Concept on media coverage of election campaign for the 2009 parliamentary elections¹⁰ and the Regulation on media coverage of election campaign for the April 5, 2009 parliamentary elections by the

¹ www.integrare.gov.md;

² <http://europa.eu>, press release from 26.02.2009;

³ GD # 151 from 23.02.2009;

⁴ The meeting tackled issues related to latest macroeconomic and financial developments in the Republic of Moldova, honouring of economic commitments assumed by Moldova in accordance with the EU-Moldova Action Plan; implementation of the regulatory reform etc.

⁵ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/RO/ec/106829.pdf;

⁶ Moldovan President Vladimir Voronin stated to the Russian newspaper „Kommersant” on February 27, 2009 that Moldova's participation in the Eastern Partnership will just disadvantage Moldova because it includes it into a group of less advanced countries in the European integration process such as Azerbaijan or Belarus, comparing the Eastern Partnership with a CIS-2, <http://kommersant.ru/doc.aspx?DocslD=1126593>;

⁷ CEC Decision # 2002 from 13.01.09. The Parliament announced the date of the parliamentary elections on February 2, 2009;

⁸ LADOM Report concerning the monitoring of the electoral process. Parliamentary elections 2009, www.ladom.org.md;

⁹ www.voteaza.md;

¹⁰ CCA Decision # 3 from 28.01.2009;

- Moldovan media¹¹ were adopted;
- CEC made decisions on clarification/explanation of the Election Code, in order to prevent multiple voting and allow voters without permanent or temporary residence, people under preventive custody and those sentenced to jail terms for not very grave offences to cast their ballots¹²;
- Twenty-three national and local TV channels and 7 radio stations organised electoral debates, providing voters with the possibility to make a well-informed choice. The electronic media also organised electoral debates¹³.

Shortcomings and problems:

- During the electoral campaign, national observers recorded many breaches of electoral legislation such as intimidation, pressing, ill-treatment and differentiated treatment over some electoral candidates and their representatives by law enforcement and control bodies, central and local public authorities, supporters of electoral candidates; abusive influence on voters; use of administrative resources during electoral campaign; illegal electoral advertising; indecent conduct of electoral contestants; pressures on civil society; biased coverage of electoral candidates by public media outlets¹⁴;
- Some radio and TV stations covered the election campaign with derogations from the electoral legislation, presenting some electoral contestants unfairly and disproportionately to advantage other candidates¹⁵;
- Although CEC opened 10 polling stations for voters from the Transnistrian region, they could not get information about electoral process in Moldova both because of passiveness of electoral contestants from the region and refusal of the regional media to cover electoral matters. Many people from the Transnistrian region were intimidated and persecuted by local authorities with the purpose to make them neglect the elections.¹⁶
- Supplementary polling stations were not opened abroad, particularly in countries which host many Moldovan nationals and lack diplomatic missions to ensure the electoral right of Moldovan nationals.

Human rights

Progress:

- A new draft Action Plan on Human Rights was worked out and published online for talks between central public authorities and civil society¹⁷;
- Local public authorities made some Progress in implementing the law on public assembly.

Shortcomings and problems:

- In the period concerned, the European Court of Human Rights (ECHR) inclusively the Grand Chamber of the ECHR has pronounced 16 decisions on applications versus Moldova: *Bejan vs. Moldova*, *Comandari vs. Moldova*, *Glavcev vs. Moldova*, *Nedelcov vs. Moldova*, *Tataru vs. Moldova*, *Cebotari and others vs. Moldova*, *Iordachi and others vs. Moldova*, *Trohin vs. Moldova*, *Rusu vs. Moldova*, *Decev vs. Moldova*, *Cermenchii vs. Moldova*, *Eugenia and Doina Duca vs. Moldova*, *Paladi vs. Moldova*, *Buruian vs. Moldova*, *Pasternac vs. Moldova*, *Uscov vs. Moldova*.¹⁸ The applicants claimed the violation of the rights to a fair trial, effective recourse, protection of property, respect for private and family life, freedom and security, freedom of expression, right not to be tortured (prohibition of torture, inhuman and degrading treatment), non-discrimination and abuse of law. In 11 cases the Court decided to erase the applications from the register for being inadmissible or groundless or after the signing of amicable resolution agreements between the Moldovan Government and the applicants. In the other cases, the ECHR sentenced Moldova and ordered her to cover damages and expenses of the applicants¹⁹.
- The law on public assembly is enforced with some violations, particularly by police bodies, which ill-treat peaceful demonstrators,²⁰ or do not ensure the security of participants in peaceful protests²¹;
- According to the CHRM report for 2008, CHRM petitioners invoked most of all the violation of the right to free access to justice, right to social assistance and protection, right to work and protection of work, free access to information and right to private property²².

Prevention of torture. Rights of prison inmates

¹¹ CEC Decision # 2043 from 02.02.2009 and # 2134 from 12.02.2009;

¹² Electoral right of people held in custody until sentencing, persons sentenced to jail terms but the sentences are not definitive, those who execute an administrative penalty in custody, and persons sentenced to jail terms under definitive judiciary decisions for less grave offences was granted after the modification of the Election Code in April 2008;

¹³ www.jurnaltv.md;

¹⁴ LADOM reports on monitoring of parliamentary elections. Parliamentary elections 2009, www.ladom.org.md;

¹⁵ According to reports by APEL, CIJ and API which monitored the media in the electoral campaign for the 2009 parliamentary elections and the presence of political/electoral players on key TV channels during electoral period for the 2009 parliamentary elections, the media outlets funded partially or fully from the public budget clearly advantage the ruling party, except for some of them. Although some TV stations tried to practise during the electoral campaign a journalism close to the democratic one – ProTV, TV7, TVC21, none of the monitored TV channels (EuTV, Moldova1, N4, NIT, Prime, ProTV, TV7, TVC21, 2 Plus) respected all regulations of the national and international electoral legislation. www.apel.md, www.api.md;

¹⁶ Promo-LEX reports on monitoring of the electoral process in the Transnistrian region of the Republic of Moldova at the 2009 parliamentary elections, www.promolex.md;

¹⁷ The new draft NHRP is available at www.justice.gov.md;

¹⁸ According to www.lhr.md and <http://www.echr.coe.int/echr>;

¹⁹ Moldova will have to pay 169,195 euros under the ECHR decisions made in January-March 2009. This amount includes damages granted to the applicants after the signing of amicable accords;

²⁰ Matasaru case from 29.01.2009;

²¹ The peaceful protest from 03.02.2009 organised in front of the Prosecutor-General's Office, when demonstrators were assaulted by unidentified persons and the police did not get involved to hold the assailants;

²² CHRM report 2008, www.ombudsman.md.

Progress:

- DPI took actions to issue identity cards to the inmates who hold the right to vote, in accordance with the April 2008 amendments to the Election Code²³;
- Workshops were organised in February for employees of various services from 5 prisons and preventive detention facilities with the purpose to inform them about new models of preparation for the release of inmates²⁴;
- The draft regulation on application to law courts for the hospitalisation of detainees suffering from tuberculosis into a phthisio-pneumological institution was worked out and published on the DPI website for consultation of civil society²⁵;
- The law concerning the civil control on respect for human rights in prisons entered into force²⁶;
- Works for the reconstruction and improvement of prisons No. 1 in Taraclia, No. 7 in Rusca, No. 9 in Pruncul went on²⁷;

Shortcomings and problems:

- Temporary detention facilities were not transferred from the jurisdiction of the Interior Ministry to the Ministry of Justice (**Chapter 7 of NHRP; Objective (4) of EUMAP**)²⁸;
- Overcrowded prisons and detention conditions are so far a problem for the national penitentiary system²⁹;
- According to the CHRM report for 2008, the US Department of State's Report on human rights in Moldova in 2008 and the Special Report by the Rapporteur on Torture and Other Forms of Cruel, Inhuman or Degrading Treatment or Punishment advising the U.N. Human Rights Council, so far there are many cases of torture, physical and psychical ill-treatment of detainees, especially those in preventive police custody³⁰;
- Inmates in preventive detention are restricted access to healthcare services, legal assistance on time, they are questioned in absence of lawyers without being explained the reasons of arrest and are deprived of the right to contest actions by administration of prisons³¹;
- Police bodies keep holding in preventive custody the persons who committed unserious or less serious administrative offences³²;
- There are many cases when the right to a fair trial of the persons held due to delayed examination of their cases by law courts is violated;

Rights of employees

Progress:

- The 2009 National Action Plan on Employment was approved³³;
- The regulation concerning actions to protect employees at workplace and prevent professional risks, and the framework regulation on organisation and functioning of the committee on security and health at work were approved³⁴;
- The forecast of the labour market for 2009 was released and it includes a barometer of professions demanded on labour market credited high chances, medium chances and low chances.³⁵
- The minimum wage rate in country was increased from 400 up to 600 lei³⁶;
- New salary norms were introduced for budgetary employees in 2009, so that wages will be increased in several rounds: January 1, April 1, July 1, September 1 and October 1³⁷;

Shortcomings and problems:

- According to informal sources, salary arrears are on the permanent rise, by over 150 million lei in late March 2009³⁸;
- High salary arrears in agriculture are recorded so far³⁹;
- The number of employed population is on decline (by 64,000 people), particularly in agriculture (by 88,000 people) compared with the 1st quarter of 2008. The share of jobseekers has increased from 5.5 percent up to 7.7 percent⁴⁰;

²³ At least 1,200 detainees could participate in the April 5, 2009 parliamentary elections; this number does not include people in preventive custody, <http://penitenciar.gov.md>;

²⁴ The workshops were organised by DPI and Institute for Penal Reforms;

²⁵ <http://penitenciar.gov.md/ro/legiproiecte.html>;

²⁶ Law # 235-XVI from 13.11.2008;

²⁷ Report on the implementation of the European Integration Agenda for 2009 in January-February, www.integrare.gov.md;

²⁸ GD # 113 from 03.02.2007 stipulated the transfer of the DPI from the MIA jurisdiction to MJ in 2007;

²⁹ This problem will persist for a long time, though the Government keeps taking measures to redress the situation, inclusively with the support of international organisations and international NGOs and foreign donors;

³⁰ Physical ill-treatment of convicts was also recorded in the prisons No. 4 in Cricova, No. 17 in Rezina, No. 18 in Branesti, Orhei district. HRCM Report 2008, www.ombudsman.md; US/DS Report concerning the human rights in Moldova in 2008, <http://www.state.gov/g/drl/rls/hrrpt/2008/eur/119093.htm>; UN Report for the Human Rights Council, http://un.md/key_doc_pub/doc/romanian/A%20HRC%2010%2044%20Add%203%20torture%20Moldova_ROM.pdf.

³¹ Idem;

³² Idem;

³³ GD # 125 from 10.02.2009;

³⁴ GD # 95 from 05.02.2009.

³⁵ <http://www.anofm.md>;

³⁶ GD #15 from 19.01.2009;

³⁷ GD #18 from 20.01.2009. According to independent experts, the Government decision to increase salaries of budgetary employees starting January 1, 2009 has an electoral nature and lacks financial coverage, www.info-prim.md, from 20.02.2009;

³⁸ Official sources concerning salary arrears are unavailable.

³⁹ www.maia.gov.md, report from 25.11.2008

⁴⁰ National Bureau of Statistics, www.statistica.md;

- A related problem faced by employees is the lack of a law on minimum existence adjusted to the minimum consumer basket⁴¹;

Rights of the child

Progress:

- The National Action plan to prevent and combat the child violence for 2009-2011 was approved⁴²;
- A Cooperation Agreement was signed between the Ministry of Social Protection, Family and Child and the Centre for Human Rights to develop a partnership in all areas of common interest with the purpose to consolidate the promotion, respect and protection of human rights and fundamental freedoms⁴³;
- Moldova has presented the National Report II and III concerning the implementation of the UN Convention on Human Rights⁴⁴;

Shortcomings and problems:

- According to the conclusions on observance of the UN Convention on the Rights of the Child in Moldova, the Geneva-based Committee for Human Rights has assessed the following shortcomings: 1) the regulations of the Family Code concerning the right to opinion of every child are not respected enough in families, schools, child protection facilities and communities; 2) the principle of non-discrimination of children from socially vulnerable families, disabled children, children suffering from HIV/AIDS, children from minority ethnic groups such as Roma or religious groups is not respected; 3) poor education, poor infrastructure of schools and low schooling rate of children from poor families; 4) few investigated cases and sentences relating to child ill-treatment or abuse; 5) many children are institutionalised but they are not orphan; 6) high poverty rate among children; 7) many children lack parent care after one or both parents left the country to work abroad; 8) statistics on the number of children who work and are exploited through work are unavailable⁴⁵;

Fulfilment of Council of Europe's recommendations / Execution of ECHR decisions

Progress:

- The Parliament ratified the Council of Europe's Convention on Cybercrime⁴⁶;
- Definitive ECHR decisions are generally executed on time;

Shortcomings and problems:

- Moldova is so far behind with implementing the legislative action plan assumed in compliance with the commitments of the CoE member states. The failure to adopt a new law on the status of Chisinau municipality is part of faults⁴⁷;
- Despite talks on prevention of further sentencing of Moldova by ECHR, the number of applications submitted to ECHR against Moldova is on the rise⁴⁸;

Cooperation with civil society

Progress:

- The Action Plan on implementation of the civil society development strategy for 2009-2011, with the participation of members of the National Council of NGOs is being worked out;
- Many central public authorities completed their official websites with thematic divisions to publish consulted draft decisions and collect recommendations by civil society and the public;
- The regulation concerning the funding of cultural programmes, projects or actions held by public associations was approved⁴⁹;

Shortcomings and problems:

- Despite active cooperation between some central public authorities and NGOs in implementing public policies (rights of the child, inmates), the real involvement of NGOs in the development of public policy documents is insufficient;
- Public authorities are reticent over statements by NGOs regarding existing problems in implementing public policies;
- Cooperation between local public authorities and NGOs is very anaemic, inclusively because of the low number of active NGOs in rural areas;

⁴¹ A draft law on the minimum existence in Moldova was worked out and delivered to the Parliament by a group of legislators in October 2008;

⁴² GD #1344 from 01.12.2008;

⁴³ Cooperation Agreement signed on 14.03.2009, <http://mpsfc.gov.md>;

⁴⁴ <http://www.mpsfc.gov.md/activitati/rapoarte>;

⁴⁵ Conclusions by the Committee for Human Rights regarding situation of children in the Republic of Moldova, 30.01.2009, <http://www.unog.ch>;

⁴⁶ PD 6-XVI from 02.02.2009;

⁴⁷ PD # 284-XVI from 11.11.2005;

⁴⁸ It concerns 2,442 pending applications against Moldova in 2008, compared with 1,830 applications in 2007, www.lhr.md;

⁴⁹ GD # 39 from 26.01.2009.

- The National Council for Participation, an initiative released by the new Government in June 2008 to advise civil society, is almost non-operational. Although the council should convene in sittings every quarter, the last sitting took place on September 30, 2008;

Freedom of media and access to information

Progress:

- The press club of the Ministry of Foreign Relations and European Integration was opened⁵⁰;
- Many ministries have redesigned their websites and update them with regularity. However, the consistence of information is quite low, and the information published on websites is limited;

Shortcomings and problems:

- Objective (9) of EUMAP was not entirely accomplished. It stipulates state financial assistance to the media which shall be provided on the basis of strict and fair criteria for all media outlets;
- The Independent Journalism Center's report on situation of the media in Moldova in 2008 signals increasing abuses against journalists and pressures on the media tolerated by state institutions, especially by police bodies, while circumstances of pressures, abuses and intimidations are not investigated and the guilty persons are not punished⁵¹;
- Some media institutions which disobey to the ruling party were intimidated⁵² and the access of the media to electoral information, particularly to electoral meetings of the Party of Communists of the Republic of Moldova was limited⁵³;
- The access to information in Moldova has degraded much in the 1st quarter of 2009 compared with the last period, inclusively after the law on state secret was adopted. The access of people and journalists to official information, inclusively before the parliamentary elections was restricted more than previously⁵⁴;
- Media outlets funded partially or fully from the public budget breached the right of voters to unbiased and fair information about all electoral contestants, and advantaged the ruling party during the electoral campaign⁵⁵;

⁵⁰ www.mfa.md, 27.01.2009, the club opened with the support of UNDP-Moldova;

⁵¹ IJC report on situation of the media in Moldova in 2008 in terms of respect for freedom of expression and right to information, released in February 2009, www.ijc.md.

⁵² Repeated controls on „Albasat” TV station, which promoted an anti-communist editorial policy during the electoral campaign.

⁵³ Violations signalled by LADOM reports on monitoring of the electoral process. Parliamentary elections 2009, www.ladom.org.md.

⁵⁴ Findings of the report which assesses the access to information in the 1st quarter of 2009, worked out by “Acces-info” Centre, www.acces-info.org.md.

⁵⁵ Violations signalled in the reports on monitoring of the media in the electoral campaign for the 2009 parliamentary elections, worked out by IJC and API, www.ijc.md, www.api.md.

2. CONSOLIDATION OF ADMINISTRATIVE CAPACITY

Administrative reform / Administrative efficiency

Progress:

CPA Reform:

- According to the Country progress report by the European Commission⁵⁶ the main accomplishments of Moldova in the public governance area are: the adoption of the law on public function and status of public servant and the law on transparency of the decision-making process;
- Priorities of the European Integration Agenda for 2009 have been approved⁵⁷;
- The Conduct Code for public servants was enforced; the action plan on implementation of the law on public function and status of public servants in 2009 (GD # 133/10.02.2009) was approved; the regulation on recruitment for public offices through contests and the regulation concerning the probation term for beginning public servant (GD # 201/11.03.2009) were approved;
- The Government approved the draft law on status of the personnel of the cabinet of public dignitaries; consultations on the draft law on central public administration are underway; a new draft decision on consolidation of policy analysis, monitoring and evaluation units of specialised central bodies of public administration was worked out;
- The Government made some decisions on implementation of actions to reorganise and delimit competences of CPA authorities in accordance with institutional development plans;
- Draft methodological guide on policy drafting and draft guide on decision-making process were worked out;
- The Government Apparatus worked out the draft system of classification and rating of offices in public authorities;
- Actions are taken to ensure a continuous training of public servants (training courses, workshops on studying of good practices, quarterly meetings with heads of human resources services etc.);
- An auction was held to purchase services for the elaboration and implementation of the automatic information system called "Register of public functions and public servants".

LPA Reform:

- Budgets in some localities will be planned accordingly to performance criteria⁵⁸;
- Actions are taken to encourage cooperation in regional development area⁵⁹;
- Local servants are trained within thematic workshops;
- The sitting of the MLPA Collegium tackled important topics for activity of LPA authorities (administrative control, appeals to the Prosecutor-Office concerning violation of legislation, and others)⁶⁰;
- MLPA worked out and tabled for public consultations some draft legislative and normative papers: the draft Government decision "concerning the structure and maximum personnel of decentralised public services of ministries and other central administrative authorities"; the draft law on legal status of Euroregions; the draft National Regional Development Strategy 2009-2011.

Information technologies (IT):

- The report by the European Commission on progress made by the Republic of Moldova⁶¹ stresses the finalisation of the Strategy on Development of Information Technologies Sector for 2009-2011, the launching of a pilot governmental portal for promotion of online services, ensuring of a free Internet access for public schools, the work of the National Regulatory Agency for Electronic Communications and Information Technology (ANRCETI) to implement the law on electronic communications;
- The Parliament has ratified the Council of Europe Convention on Cybercrime⁶²;
- The Government adopted the decisions on financial reporting information Service under the National Bureau of Statistics (GD # 38/23.01.2009) and on approval of the development programme of electronic industry until 2015 (GD # 117/10.02.2009);
- Some central public administration authorities implement electronic services via administrated websites, provide information on line, the possibility to fill up electronic applications;
- The number of high-speed Internet users has increased more than twofold⁶³;
- The Republic of Moldova is ranked among leaders in CIS area in terms of regulation of electronic communications.⁶⁴

⁵⁶ Progress Report on the Republic of Moldova, Commission of the European Communities, Brussels SEC (2009).

⁵⁷ Sitting of the National Commission for European Integration from 27.01.2009.

⁵⁸ Within the Project « Performance budget – tool to enable citizens to make the LPA responsible», implemented by the United Nations Development Programme (UNDP) jointly with the Ministry of Local Public Administration.

⁵⁹ The Board of Directors of the Project „Moldova: Cooperation in Regional Development”, co-funded by DFID and SIDA convened in a sitting on 20.01.2009.

⁶⁰ Sitting of MLPA Collegium from 05.03.2009.

⁶¹ Progress Report on Moldova, Commission of the European Communities, Brussels SEC (2009).

⁶² Law # 6-XVI from 02.02.2009.

⁶³ The number of wideband Internet subscribers to wire stations has increased from about 47,000 (in 2007) to over 115,000 (in 2008).

⁶⁴ EBRD Report „Comparative Assessment of the Communications Sector in the Transition Countries”, www.ebrd.com/country/sector/law/telecoms/assess.

Shortcomings and problems:

- The activity of the National Commission for European Integration was suspended during February-March 2009, with the special interdepartmental coordination Group taking over some of the commission's duties. It convened in 7 sittings to debate issues of complexity or particular relevance.⁶⁵

CPA and LPA Reform:

- The CPA Reform encounters many problems⁶⁶: the activity of some authorities is not transparent; public servants from some authorities do not have or have a limited Internet access; there is no single normative framework to regulate the decision-making process within Government; diverse normative acts regulate the procedures of drafting, approving, monitoring and assessing policies and there are no methodological guidelines for this purpose; heads of subdivisions of CPA authorities face difficulties to work out objectives for servants, "measurable" criteria and "implementation terms" cannot be set; the training of public servants presented by central public administration authorities does not make an integrated picture of development of staff's skills; the selection of higher-ranking public servants is not ensured; the automatic information system called register of public functions and public servants was not elaborated; a new salary system for public dignitaries and public servants was not elaborated and implemented;
- Even in crisis conditions, public funds are wasted for doubtful purposes and actions which do not have an investment impact or economic perspective⁶⁷;
- The Progress Report on Moldova by the European Commission notes that no progress was made to adjust the legislative framework to CoE standards in terms of local autonomy;
- The central authorities make decisions which affect the local communities, but do not consult them adequately.⁶⁸

Information Technologies:

- The EBRD Report "Comparative Assessment of the Communications Sector in the Transition Countries" noted that the ANRCETI could not make normative decisions for two years because of the lack of quorum, as the Government did not nominate directors of the institution. As well, it raises concerns with the general monopoly of S.A. „Moldtelecom" and unclear prospects to privatise it, as well as in connection with some abuses committed by the monopolist against independent operators;
- The implementation of some measures relating to electronic governing are late, plans, actions and priorities for 2009 are unclear;

Interference of administrative and economic interests

Progress:

- The Progress Report on Moldova by the European Commission assesses: the enforcement of amendments to the law on budgetary system and budgetary process (accounting arrangements for management of public means, implementation of the internal audit system); training and professional development activities; implementation of the Strategic Development Plan of the Chamber of Auditors;
- The new Law on Chamber of Auditors was enforced⁶⁹;
- The Government approved the regulation on auctions with call and discount (GD# 136/10.02.2009) and the state programme on sustenance of small and medium businesses for 2009-2011 (GD # 123/10.02.2009).

Probity and transparency of governance / Anti-corruption fight

Progress:

- The Progress Report on Moldova by the European Commission attests a series of progress⁷⁰: the adoption and enforcement of some important laws (concerning political parties, conflict of interests, corruption prevention and combat, protection of witnesses and participants in lawsuits; the Conduct Code for public servants; amendments to the law on declaration of incomes and estates by public servants); GRECO drew the conclusion that a great progress was made in implementing its recommendations in Moldova; the establishing of the coordinating council for preventing and combating crimes;
- CCECC has launched and developed anti-corruption actions: opened a hotline to collect information about crimes, corruption, conflicts of interests, doubtful deals committed by CCECC officers; the draft methodology to measure the corruption perception in social systems was introduced for public debates⁷¹; the action plan

⁶⁵ Report on activity of the special interdepartmental coordination group in February-March 2009, www.integrare.gov.md.

⁶⁶ Report on monitoring of the CPA Reform in January-March 2009, www.rapc.gov.md/md.

⁶⁷ Government Decisions # 146/20.02.2009; 163/26.02.2009; # 217/13.03.2009. According to electronic publications, the Ministry of Finance allocated more than 11.3 million lei from the Reserve Fund of the Government in 2009 under Government Decisions for „confidential" purposes, www.thenews.md.

⁶⁸ IDIS „Viitorul" Research „Advising and dialogue mechanisms between Government and local public authorities.

⁶⁹ Law # 261-XVI from 05.12.2008 entered into force on January 1, 2009.

⁷⁰ Progress Report on Moldova, European Commission, Brussels SEC (2009).

⁷¹ CCECC released the draft, asked opinions and recommendations in this respect.

aimed to reduce corruption in education system was enforced⁷²; the media campaign “Do you know a corruption case in CCECC? Give the yellow card!” is underway;

- Actions aimed to combat corruption and collect facts on recorded cases continued⁷³;
- The Civil Council for monitoring of the CCECC work is now operational;
- The action programme for 2009 of the monitoring group and the schedule of reporting Progress in implementing the anti-corruption strategy were approved;
- A survey on quality of services will be conducted in law courts⁷⁴;
- Actions to implement the law on transparency of the decision-making process are underway.

Shortcomings and problems:

- The Progress Report on Moldova by the European Commission signals a series of shortcomings⁷⁵: the recorded Progress shall be covered by enough funds and an appropriate secondary legislation to ensure their efficient accomplishment; actions taken in some areas are not enough so far or were not finalised or adopted (legislation concerning special investigation techniques, a wider inclusion of corruption in combating money laundering, efficient mechanisms to control conflicts of interests and asset declarations, corruption reporting and protection of people who reported corruption, incrimination of some accounting offences or manipulations); assessment of corruption risk does not envisage local public administration authorities; monitoring mechanism of the national anti-corruption strategy is not consolidated, civil society is not involved enough; the draft law on corruption of voters was not considered;
- According to international surveys, Moldova is part of the 40 most corrupted countries⁷⁶;
- Some runners to the parliamentary elections were rated as suffering from integrity problems, but they were not deleted from the lists or replaced by other more estimable persons⁷⁷;
- The activity of the Civil Council for monitoring of the CCECC work is unclear and does not prove an appreciable efficiency;
- Combating corruption at high level is not an approachable problem so far, no progress is observed in the area.

⁷² A plan released by CCECC jointly with MEY, which calls for improving and mediating the normative framework on admission for education; reduction of corruption risks during graduation and baccalaureate examinations; monitoring and ensuring fairness and transparency of examinations and admission; reporting and mediating corruption and abuses in education institutions and penalties; enhancing transparency of education institutions.

⁷³ Press releases by CCECC, MIA, Prosecutor's Office.

⁷⁴ The survey will be conducted as part of the actions foreseen by the Preliminary Country Plan for Moldova of MCC.

⁷⁵ Progress Report on Moldova, European Commission, Brussels SEC (2009).

⁷⁶ Survey by Forbes journal ranks Moldova on the 36th place.

⁷⁷ Newsletter "Cunoaste-ti candidatul!" (Know your candidate!) published by the Civic Initiative for a Clean Parliament, www.moldovacurata.md.

3. TRANSNISTRIAN CONFLICT

Assessment of Transnistrian settlement evolutions by Moldovan authorities

On January 26, 2009, President Vladimir Voronin convoked a sitting with the participation of Minister of Reintegration Vasile Sova to assess Progress in the area of Transnistrian settlement. Introducing the evolutions as positive, participants noted that “the situation relating to the Transnistrian conflict, particularly in the Security Zone was under control in 2008.” As well, it was noted that the priorities in 2009 will be as follows:

- Speeding up the resumption of negotiations for a definitive settlement of the Transnistrian conflict under the law on basic regulations of the special legal status of localities from Transnistria;
- Involving the international community in the Transnistrian conflict more actively, especially in the political dialogue;
- Resuming as soon as possible the Transnistrian settlement negotiations exclusively in the "5+2" format, as well as consultations with mediators and observers in the "2+1" format;
- Continuing the EUBAM operation;
- Implementing some projects in the social-economic area to improve the quality of life of people from the Transnistrian region by working out an action plan with impact on social life.

At the same time, the press service of Transnistrian leader Igor Smirnov says that the optimistic statements by Moldovan authorities are irresponsible and provocative, especially relating to Russia’s support to the “package approach” launched by Moldovan authorities. In this regard, the press service recalls a series of promises and initiatives by Moldovan authorities which were not honoured or were used for propagandistic purposes.

Efforts of European institutions to impel the Transnistrian settlement

Consultations on Transnistrian settlement

During January 21-27, 2009, Minister of Reintegration Vasile Sova had meetings with the special envoy of Ukraine for the Transnistrian settlement, Viktor Krizhanovski; Remi Duflot, referent for Moldova, Ukraine and Belarus within the Directorate-General for External Relations of the (DG RELEX) European Commission; the special envoy of the Russian Federation’s Foreign Ministry, Valeri Nesteruskin; the head of the OSCE Mission to Moldova, Philip Remler. The talks focussed on the necessity:

- To resume the "5+2" negotiation process;
- To build confidence between Chisinau and Tiraspol;
- To work out a special legal status for Transnistria exclusively in the "5+2" format, by respecting the sovereignty and territorial integrity of the Republic of Moldova;
- To extend the EUBAM mandate with the purpose to strengthen security at the Moldovan-Ukrainian state border;
- To demark the Transnistrian section of the Moldovan-Ukrainian border etc.

During February 24-26, 2009, Ambassador Charalampos Christopoulos, special envoy of the OSCE Chairmanship-in-Office, was on a working visit to Moldova. A goal of his visit was to assess the Transnistrian settlement process and the efforts needed to resume the "5+2" negotiations. The special envoy of the Greek OSCE Chairmanship-in-Office confirmed the OSCE support to the “package of initiatives” on the Transnistrian settlement tabled by the Moldovan authorities. The Greek official reiterated the importance of keeping promoting confidence-building actions between the two banks of the Dniester, stressing that the "5+2" format is the only way to find a final solution to the conflict, by respecting the sovereignty and territorial integrity of the Republic of Moldova.

Russia’s efforts to settle the Transnistrian conflict

Visit of Russian Foreign Minister to Moldova

While visiting Moldova on February 23-24, 2009, Russian Foreign Minister Sergei Lavrov said as follows:

- Chisinau and Tiraspol must find a solution to the Transnistrian conflict;
- Russia plays the role of an active participant in the peacekeeping operation in the Security Zone, as well as guarantor of the conflict resolution;
- Russia will help building confidence between the parties by backing the initiatives of President Voronin;
- Russia welcomes the resumption of direct contacts between Vladimir Voronin and Igor Smirnov;
- A trilateral meeting with the participation of Russian President Dmitri Medvedev could take place that means consultations in the "2+1" format;
- The "5+2" negotiations shall restart, as all the parties involved (Russia, Ukraine, OSCE, US, EU, as well as representatives of Chisinau and Tiraspol) recognise them. (*According to MOLDPRES agency*)

Barvikha Declaration from March 18, 2009

Russian and Moldovan Presidents Dmitri Medvedev and Vladimir Voronin had a meeting in Barvikha close to Moscow on March 18, 2009, and Transnistrian leader Igor Smirnov took part, too. The meeting ended with the

signing of a joint declaration, which was published by the Russian Foreign Ministry. It says that the "**leaderships of the Republic of Moldova and Transnistria**", parties of the conflict, met in Barvikha in the presence of the Russian Federation's President. The purpose of the meeting was to strengthen efforts for the Transnistrian settlement exclusively through political, peaceful methods. The participants in the meeting agreed as follows:

- The parties will keep direct contacts with the view to activate the political negotiation process;
- The parties will stir up the work of expert groups aimed to consolidate confidence-building measures in the social-economic and humanitarian areas;
- The sides confirm the importance of "permanent consultations on political issues within the Transnistrian settlement negotiation process" ("5+2" format) and will make conditions to resume the works in this format as soon as possible, desirable in the first half of 2009. The sides invite all the participants in the "5+2" format to help making appropriate conditions for this purpose;
- The sides sanction the role of stabiliser of the current peacekeeping mission in the region and consider grounded its transformation into a peace guaranteeing mission under the OSCE aegis after the Transnistrian settlement;
- The sides express their gratitude to Russia for its mediation efforts aimed at the plenary Transnistrian settlement.

Ukraine's efforts to settle the Transnistrian conflict

Cooperation of Moldovan and Ukrainian security services with EUBAM

On January 22, 2009, the director of the Security and Information Service (SIS) of Moldova, Artur Resetnicov, met the deputy director of the Ukrainian Security Service, Valentin Nalivaychenko, and Ferenc Banfi, head of the European Union Border Assistance Mission (EUBAM) to Moldova and Ukraine. The meeting discussed further efforts to "reduce security dangers at the Moldova-Ukraine border and build special teams to combat trafficking in human beings, drugs, weapons, wide-consumption product, etc., made by experts of intelligence services from both countries and the European Union. In particular, the sides stressed the recent successful cooperation against an attempt to smuggle a large quantity of cigarettes from Ukraine to the EU market via Moldova. The operation was organised in October 2008 jointly with law enforcement bodies from EU member states; criminal investigations followed in Moldova and Ukraine, with this operation preventing the loss of about 5 million Euros in taxes by EU."

Ukraine gives green light to "2+1" consultations, but not negotiations

Ukraine's special representative to the "5+2" negotiations, Viktor Krizhanovsky, has visited Tiraspol to discuss the situation before the March 18, 2009 Moscow meeting on Transnistrian settlement. The Ukrainian diplomat noted that Ukraine would not change its approaches on the Transnistrian settlement after the resignation of its Foreign Minister Vladimir Ogrizko. Krizhanovsky stressed that Ukraine neither opposes the "2+1" consultations, nor accepts the signing of any political participation without its participation: "We do not oppose separated negotiations. But no agreement should be made without Ukraine's consent, as this would mean the eroding of the negotiation process. We do not want to be common signatories; we want to keep being active participants in the negotiation process." In his turn, Transnistrian foreign minister Vladimir Yastrebchak stated: "This position of Ukraine is well-known, we understand it, but the Moscow trilateral meeting does not mean undermining the "5+2" format. The vacuum in the negotiation process should be filled up and any mediation initiatives are welcome for this purpose. It does not mean separate negotiations; everything will be transparent for all participants in the negotiation process."

Ukraine to appoint interdepartmental group for Transnistrian settlement

While on visit to Tiraspol, the special representative of Ukraine to the "5+2" negotiations, Viktor Krizhanovsky, said that his country will promote a very clear and coherent Transnistrian settlement policy. He noted that an interdepartmental team headed by the deputy secretary of the Security and Defence Council, Stepan Gavis, will be appointed. Krizhanovsky will be the deputy of Gavis. The need of building this team is related to the fact that Ukrainian ministries and departments do not coordinate very well their actions in relations with Transnistria. "Every ministry or department which deals with the settling the Moldovan-Transnistrian relations has its interests. The Foreign Ministry has to harmonise these interests, but it needs time for this purpose. A balance of interests is required."

Attitude of Tiraspol authorities towards Transnistrian settlement efforts

Transnistrian authorities increase the tax for access and staying in the region

Starting January 1, 2009, the Transnistrian authorities oblige Moldovan citizens to pay a 22-euro fee (compared with 8 lei previously) in order to enter and stay in the region. These actions contravene to the agreements reached during the December 24, 2008 meeting of the Moldovan President with the Transnistrian leader. After the meeting concerned, any fees should be abolished starting January 1, 2009.

Priorities of Transnistria's foreign policy

Transnistrian foreign minister Vladimir Yastrebchak stated on January 8, 2009 that Chisinau's initiative to demilitarise the two banks of the Dniester is doubtful, as the conflict was not settled so far and further guarantees are unclear.

Even more, the demilitarisation is impossible as long as the Moldovan Ministry of Interior is a militarised structure. As well, Transnistria does not like the insistent demand of the Moldovan authorities regarding the withdrawal of the Russian troops from Transnistria in the demilitarisation process. Yastrebeac's conclusion regarding the conflict resolution initiatives by Chisinau, including the "package approach", which includes the draft law on Transnistria's status and a draft political declaration, does not contain any new facts and is not worthy of a great consideration. In this context, he explained the reference points of the foreign policy of the Tiraspol regime:

- Transnistria does not have plans to reintegrate into the Republic of Moldova;
- The recognition of independence of South Ossetia and Abkhazia, which are part of the Union for Democracy and Rights of Nations along with Transnistria, encourages the independence bids of Transnistria, as the conflicts in all the three regions had similar sources and, therefore, the solutions should be similar as well;
- EU and US should act in the limits of their status of observers, while the negotiations should involve Chisinau and Tiraspol;
- Relations with Russia and Ukraine have a strategic importance for Transnistria. Although Ukraine focuses on the conflict resolution in the "5+2" format and Russia on the bilateral dialogue between the parties, both guarantors call for a equal footing for the conflicting sides;
- The "5+2" negotiation format is consultative and its importance should not be exaggerated;
- The Kremlin authorities will keep facilitating the awarding of the Russian citizenship to residents of Transnistria, while the Tiraspol authorities will keep seeking insistently the opening of Russian consulates in the region;
- The Transnistrian authorities will keep doing their best for the international recognition of the documents issued to citizens. In this respect, there are some agreements signed by President Voronin and Igor Smirnov in May 2001, but the Moldovan authorities ignore them;
- No special efforts in the Transnistrian settlement process are expected soon, particularly in connection with the parliamentary elections in Moldova;
- Consultations of expert groups on concrete issues – external economic activity, healthcare – will be a priority of the next period.

Reactions to extended travel restrictions for Transnistrian leaders

The Transnistrian foreign ministry has raised concern with the extended EU and US travel restrictions on a number of Transnistrian officials. The Transnistrian authorities describe these practices as groundless, while EU and US consider that Transnistrian leaders do not prove a sincere interest for the conflict resolution, this being the No.1 cause of the travel restrictions. In its turn, the Transnistrian diplomacy assures of its interest to settle the conflict, accusing Moldova of having adopted the July 2005 law with the purpose to baffle the conflict resolution. Respectively, the Transnistrian diplomacy is confident that the EU and US actions does not encourage the confidence-building measures. Even more, the Transnistrian authorities recall the US and EU the way they recognised the independence of the province of Kosovo. They fear that restricting the move of Transnistrian leaders is a pressure with a contrary effect, as they cannot tell their opinions loudly. Finally, the Transnistrian authorities threatened the US and EU with reply actions. Russian special envoy Valeriy Nesterushkin stressed that prohibitive actions do not impel the Chisinau-Tiraspol dialogue.

Transnistrian leader about meaning of the Barvikha Declaration

On March 23, 2009, Transnistrian leader Igor Smirnov disclosed the ins and outs of the Barvikha Declaration, in an [interview](#) with the Moscow-based newspaper "Nezavisimaya Gazeta". According to Smirnov, Russia's positions in the Transnistrian region have consolidated and this will facilitate the integration of the region into Russia. The Transnistrian problem will be shortly discussed within the Russian Security Council. In this regard, Smirnov also revealed some facts about the signing and contents of the Barvikha Declaration. In particular, he said that:

- Voronin expressed an increased interest for the Transnistrian problem from electoral reasons, while strengthening the Russian factor in the region is important for Transnistria. Even more, Russia gave 40,000 tons of crude oil to Moldova with regard to the signing of the Declaration and President Dmitri Medvedev instructed the Government to find possibilities to release a 200-million-dollar credit to the Transnistrian region;
- Point 1 of the Declaration says that Transnistria negotiates with Moldova, not with the European Union and United States, which have a single purpose – to eliminate Russia from the region, but this is impossible because 135,000 Transnistrians are already Russian citizens;
- Point 4 of the Declaration says very clear that there is no way to pull out the Russian military from the region any longer. The current peacekeeping mission will be transformed only after the conflict resolution. The status quo towards the Russian military presence will be maintained in the event the conflict is unsettled;
- Moldova will never reunify since Transnistria has other ideals. There is no way to reunify the two banks of the Dniester but to normalize the relations between two neighbouring states;
- Moldova and Transnistria must be treated as equal parties like it happens since 1994, when the negotiations started. In this respect, Tiraspol has elaborated a system of guarantees which the equal parties Moldova and Transnistria will delegate to the guarantors Russia and Ukraine to ensure the honouring of agreements including previous treaties;
- Ukraine should not revolt itself because Russia has a more active conduct in the Transnistrian settlement process, it shall be active, too. Statements by EU representative Kalman Mizsei that the EU will not recognise agreements reached in the "2+1" format are inopportune. In general, "who is he for Transnistria? Nobody, a nonentity." Transnistria's future is beside Russia, Transnistria will be a Russian region;

- Relations with Medvedev are better than were with Putin. Resetting Russia-US relations envisages the recognition of Transnistria as Russia's area of influence, which means recognition of Russia's right to watch and influence developments in the post-Soviet area. Russian scenarios shall be taken into consideration seriously. Medvedev hinted this to Saakashvili: the one who will defy Russian interests will be punished. Russia has confirmed this in the last 18 years.

Draft "agreement concerning guarantees of Transnistrian settlement"

Following the March 18, 2009 meeting in Moscow, Transnistrian leader Igor Smirnov has delivered to President Vladimir Voronin the draft "agreement concerning the system of guarantees for the Moldovan-Transnistrian settlement". According to the draft, Moldova and Transnistria are equal parties to the conflict; Russia and Ukraine are guarantors, while the OSCE is a watchdog of the agreement. The draft agreement stipulates the following:

- The conflicting parties, guarantors and the OSCE call for mandatory international legal guarantees of the Transnistrian settlement;
- The conflict parties and guarantors make necessary conditions for the honouring of agreements, including previous treaties, in particular on resolution of social-economic, humanitarian problems etc.;
- The peacekeeping mechanism introduced in 1992 will be maintained. The parties will not collect taxes from each other, except for the fees for protection of domestic market; will not revise the ownership on estates from territory of each other; will not obstruct the export of goods and transit etc.;
- The guarantors will take necessary actions to prevent the violation of this agreement.

International expert about Barvikha Declaration

Commenting the signing of the "trilateral" declaration – Medvedev, Voronin, Smirnov – in Barvikha, Jamestown Foundation analyst Vladimir Socor notes that:

- President Vladimir Voronin has signed the Declaration for electoral reasons with the purpose to be covered by Russian TV stations which control the media space in Moldova, besides President Medvedev and Patriarchate Kiril whom Moldovan citizens trust the most;
- By signing the Declaration, Voronin has yielded more than he has got, venturing unprofessionally into a trap;
- The consequences of the signed Declaration are not irreparable, but they weakened Moldova's positions. It will be very hard to the next chief of state to redress the situation;
- The signing of the Barvikha Declaration means the renunciation by Moldovan authorities to documents signed by Russia at the Istanbul OSCE Summit and the comeback to the vicious circle – Russia does not pull out its troops because a political solution to the conflict is unavailable, while the conflict will not be settled because of unwillingness to withdraw the troops. The declaration undermines the EU and US positions with regard to withdrawal of the Russian military presence from the region;
- By accepting the continuation of the "2+1" consultations, President Voronin has made premises for the negotiation and adoption of key decisions on Transnistrian problem in this format, so that to further present them in the "5+2" format as accomplished deeds in order to legalize them;
- Moldova's position from perspective of the CFE Treaty and 1999 Istanbul agreements, which say that foreign troops cannot station in the territory of a country with its consent, was undermined. Even more, as regards Moldova, the Istanbul requirements called for the complete and unconditional withdrawal of the Russian military presence. The signing of the Declaration by President Voronin allows Russia and a number of western states to argue that the Republic of Moldova has given up the positions related to the withdrawal of the Russian military presence;
- The Moscow Declaration may help Russia persuade the West to ratify the CFE Treaty. The stationing of Russian troops in Moldova was a major obstacle in this respect. Germany and other NATO member states are already considering such possibilities. In this regard, Germany calls for the reinterpretation of the 1999 agreements, so that not to oblige Russia to pull out its peacekeeping forces.

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

Progress:

- Terms to consider criminal cases, especially concerning suspects in preventive custody are shortened⁷⁸;
- SCM has made a number of relevant and long-term decisions concerning the action plan of the Superior Council of Magistracy for 2009; concerning the approval of the 2009 programme on methodical assistance of judges to apply the legislation: concerning the implementation of the European Integration Action Plan on strengthening of capacities of the judiciary system and ensuring the independence of the judiciary (priorities for 2009); concerning the approval of the survey on satisfaction with services of law courts (some pilot courts) etc.
- Legislative amendments aimed to ensure transparency of lawsuits, audio-video records of judicial sittings and facilitating access of the sides to sittings' reports were adopted⁷⁹;
- Some legal inspectors were nominated, the judicial inspection becomes operational⁸⁰;
- SCM kept considering breaches of the legal conduct and responsibilities, applied some reprimands and recommended the dismissal of some magistrates who did not meet the necessary requirements⁸¹;
- The number of offences⁸² and convicts⁸³ is on the decline;
- Prosecutors react to appeals signalling violation of human rights, fill civil lawsuits and take actions to stop violations⁸⁴;
- External assistance helps resolving some legal problems, an integrated software is elaborated for the management of cases⁸⁵;
- Actions are taken for the functioning of the public relations services of law courts (employment of some persons, elaboration of the office file, and others);
- The number of signed executory documents (executed) is on the rise⁸⁶;

Shortcomings and problems:

- The Progress Report on Moldova by the European Commission signals shortcomings related to the judicial reform⁸⁷: the legal management department started working very late; the judicial inspection faced repeated problems related to personnel and could not start working; the Conduct Code for judges is not efficiently implemented; the legislation adopted in December 2008 reformed the Public Bureau of the Prosecutor-General's Office, though it does not meet all CoE recommendations on independence and penal investigation. The implementation of legislative measures is so far the No.1 challenge for Moldova, given the limited allocations for this purpose;
- SCM assesses some shortcomings of the judiciary system relating to⁸⁸: consolidation of capacities; use of some objective and transparent managerial practices; training of judges and employees of apparatuses of law courts; optimisation of human resources; improvement of quality of justice and introduction of a unitary legal practice; real transparency of law courts and SCM; respect for impartiality principle and professional conduct; rise of confidence in justice; ensuring of a predictable duration of lawsuits and their efficient conduct. Some law courts fail so far to consider many criminal and civil cases⁸⁹;
- The annual report by CHRM signals so far serious problems in the judicial sector relating to: the quality of judicial decisions; violation of the right to a fair trial; disagreement with judicial decisions and contesting procedure; violation of the right of the parties to a fair trial and settlement of cases in a reasonable term; violation of the right to an effective recourse; non-execution of judicial decisions; work and conduct of magistrates⁹⁰;
- There are many shortcomings which affect the quality of the justice making: some cases are unclear; the examination of cases is delayed; insufficient motivation of judicial decisions; irregular judicial decisions; inappropriate summoning; violation of security of legal reports; SCM does not definitively help remedy shortcomings of the system⁹¹;
- The judicial practice is not unified and this reduces the quality of justice making⁹²;
- So far the society trusts little in the judiciary; judges are not as professional as required by their responsibility and tasks⁹³;
- The establishing of the Judicial Inspection was delayed, its functions are not delimited well from duties of other SCM-controlled bodies (discipline, qualification colleges);

⁷⁸ Report concerning the work of law courts in 2008.

⁷⁹ Law # 15-XVI from 03.02.2009.

⁸⁰ SCM sitting from 26.02.2009.

⁸¹ SCM decisions from 26.02.2009, 12.03.2009.

⁸² Synthesis of activity of prosecution organs for two months of 2009.

⁸³ According to statistics, 7,367 people were sentenced in 2008, by 2,397 less than in 2007.

⁸⁴ Press release by Prosecutor's Office, 12.03.2009.

⁸⁵ Interview with SCM chairperson published by Info-Prim Neo Agency; activity of the Good Governance Programme (MCC).

⁸⁶ Report by the Execution Department for 2008, www.penitenciar.gov.md.

⁸⁷ Progress Report on Moldova, European Commission, Brussels SEC (2009).

⁸⁸ SCM Decision concerning the implementation of the European Integration Action Plan on strengthening the skills of the judicial system and ensuring the independence of judges sets these measures as priorities for 2009.

⁸⁹ SCM Decision # 1/1 from 22.01.2009.

⁹⁰ Report on the respect for human rights in the Republic of Moldova in 2008, www.ombudsman.md.

⁹¹ Address delivered by Minister of Justice at the general assembly of judges from 06.02.2009.

⁹² Speech delivered by SCJ Chairperson at the annual assembly of judges from 06.02.2009, www.csi.md.

⁹³ Interview with SCJ Chairperson published by magazine „Dreptul”, www.csi.md.

- Corruption and other flaws deteriorate the image and trust in the judiciary so far⁹⁴;
- There are many unsigned executory documents (really unexecuted) so far (about 44 percent);
- Medium burden of legal executors is heavy so far (about 109 executory documents), and it grows permanently⁹⁵;
- No mechanism was introduced to financially motivate judicial executors, in accordance with recommendations by CoE experts.

Training of specialists from system / Material insurance

Progress:

- The Progress Report on Moldova by the European Commission assesses an active preparation for the implementation of the law on state-guaranteed legal assistance and continuation of programmes on training and re-qualification of judges, prosecutors and judicial executors, inclusively relating to the legislation on human rights⁹⁶;
- The continual training within NIJ meets the approved plan, continual training courses for judges, staff of law courts are planned in the area of efficient management of the budget of law courts, performance standards of law courts, judicial conduct, and others;
- The Prosecutor-General's Office cooperates with NIJ to appoint training prosecutors, the action plan on organising the initial and continual training process of NIJ prosecutors in 2009 was approved;
- Roundtables and seminars were organised due to cooperation with foreign institutions;
- The working group for the elaboration of community law guideline was established, the Guideline of Registrar is being drafted;
- Actions are taken to renovate the NIJ building; opportunities to train the NIJ administration in EU magistracy schools are being initiated;
- Courts continue to be endowed, especially with international support.

Shortcomings and problems:

- SCM assesses the necessity to improve the training of judges and apparatuses of law courts and the need to consolidate capacities of courts by optimising human resources⁹⁷;
- Despite a rise, budgets of law courts are short for a normal decision making process, resources for investments and adequate real estate renovations are not foreseen;
- Law courts lack funds for international legal assistance procedures (translations, correspondence)⁹⁸;
- Judges become more vulnerable because of conditions of work and uncompetitive wages, insufficient endowment⁹⁹;
- The internal information network of execution offices is not built because of the lack of funds.

Alternative ways to settle litigations / Penitentiary institutions

Progress:

- First mediators were attested, the model of the Register of Certificates for mediation activity was approved¹⁰⁰;
- The draft Government Decision on approving conditions for state funding of mediation services for criminal cases is being worked out;
- The instruction on organisation of sentential probation activity in community was approved¹⁰¹;
- According to statistics, most of penalties applied on convicts in 2008 was conditioned sentencing – about 29 percent, followed by fines (25 percent) and detention (24.3 percent);
- According to accounts of the Department of Penitentiaries, the number of detainees has decreased by about 13.5 percent (compared with early 2008), as of January 1, 2009, down to about 6,830 persons (5,470 convicts and 1,360 persons in preventive custody);
- Under the law on amnesty, 289 inmates were released before January 1, 2009, and detention terms for 155 inmates were reduced.

Shortcomings and problems:

- Moldova's population is not informed well and is reticent towards settlement of conflicts through mediation¹⁰²;
- Although the DPI administration denies any abuses, inmates go on hunger strike as a sign of protest¹⁰³.

⁹⁴ See also the statement delivered by parliamentarian Vitalia Pavlicenco during the parliamentary sitting on 23.03.2007.

⁹⁵ Report by the execution department for 2008, www.penitenciar.gov.md.

⁹⁶ The Progress Report on Moldova, European Commission, Brussels SEC (2009).

⁹⁷ SCM Decision # 48/3 from 26.02.2009.

⁹⁸ SCM Decision # 83/4 from 12.03.2009.

⁹⁹ Interview with SCJ chairperson published by the magazine „Dreptul”, www.csj.md.

¹⁰⁰ Order by the Minister of Justice from 03.02.2009.

¹⁰¹ DPI Order # 50 from 21.02. 2009.

¹⁰² Mediation promotion campaigns will be organised just starting with the 2nd quarter of 2009.

¹⁰³ Inmates from the Rezina-based Prison No.17 went in for a hunger strike, protesting against abuses of the administration, newspaper „Jurnal de Chisinau, 10.03.2009.

5. ECONOMIC DEVELOPMENT AND REFORMS

Living standards of population

Progress:

- The average wage on economy increased by 12 percent in the 1st quarter of 2009 (the real salary rose by 9 percent in the same period). Wages in budgetary sector have grown the most, as follows: public administration (by 23 percent), education (by 20 percent), healthcare and social assistance (by 19.2 percent). Although these rises should be a priority for the Government, as average wage in education and healthcare sectors is lower than the average salary on economy, the logic of actions was pre-electoral this time. At the beginning of the academic year 2008-2009 the Government resisted against salary rises for teachers, motivating with the lack of funds; apparently, the funds were found despite effects of the global crisis, which Moldova experiences as well.
- At the beginning of this year, the Moldovan Government negotiated additional funding worth 10 million dollars with the International Development Association for the Rural Investments and Services Project II. As well, an investment project on rural financial and marketing services worth 13 million dollars was worked out jointly with the International Fund for Agricultural Development. They aim to support rural advisory services, rural business development and enhance participation of rural population in income-generating economic activities. The IFAD Programme stipulates crediting of farmers via commercial banks and microcrediting institutions. The success of the programme in improving living standards of rural population will depend on modality of providing credits and equal access of farmers to funding.
- The minimum monthly wage for 2009 is expected to be 600 lei¹⁰⁴ (compared with 400 lei from July 2007 to December 2009).

Shortcomings and problems:

- The comeback of migrants is a major problem to be faced by Moldova in 2009 because of the shortage of jobs in domestic economy. NBS accounts reveal that the number of migrants in 2008 (309,700) was by 7.7 percent lower than the precedent year. This trend goes on in 2009, too, with migrants working in the Russian building sector being hit the most, but the forced comeback of migrants from EU member states is also on the rise. Hereby, according to forecasts by the World Bank, the unemployment rate may be over 10 percent in 2009¹⁰⁵ (the unemployment rate in 2008 was 4 percent).
- Remittances are also declining in an impressive pace. According to the balance of payments, they dropped by 16.5 percent in the last quarter of 2008, compared with the last quarter and rose by 3.8 percent only compared with the same period of 2007, after a constant two-digit growth starting 2000. The trends did not change in 2009, too; remittances from other countries via the banking system have decreased by 27 percent and 32 percent in the first two months of the year. Thus, households depending on remittances run a high risk to see their incomes falling down this year.
- The reduction of budgetary revenues following the fall of final consumption and economic activity in country endangers the payment of pensions, indemnities and salaries in the budgetary sector. IMF has already recommended Moldova to reduce the expenses for wages in the budgetary sector, so that not to exceed 10 percent of GDP.

Consolidation of economic growth

Progress:

- The main source of economic growth in the last eight years – the final consumption of households – reacted almost immediately to the global economic crisis. The fall of available incomes of population reduced the final consumption since the last quarter of 2008 (by approximately 25 percent compared with the 4th quarter of 2007). Although GDP accounts for the 1st quarter of 2009 are unavailable so far, negative evolutions of VAT collections to the state budget indicate the maintenance of the consumption fall trend. In particular, the retailing has decreased by 5 percent in the first three months, compared with the same period of 2008; sales of manufactured goods have decreased by 10.5 percent, while sales of food products increased by 7.2 percent. The volume of pay-for public services in the 1st quarter was at the level of 2008.
- Investments, which had a greater contribution to the economic growth starting 2005, swaying the balance from consumption, have a negative trend, too, this year. Fixed investments have dropped by 40 percent in the 1st quarter, compared with the similar period of 2008. Investments by foreign companies have dropped the most (by 60 percent). Thus, following the almost twofold decline of FDI in the 4th quarter compared with the 3rd quarter of 2008 (and by 31 percent compared with the similar quarter of the last year), their decline is likely on the rise.
- The fall in internal demand and the deeper decline in external demand reduced the industrial output in majority of industrial sectors (the industrial output fell by 25 percent overall in the 1st quarter compared with 2008), except for some branches of food industry and engineering and power appliance manufacturing. The most affected were the wine industry (dropped by 35 percent); extractive industry has decreased by 50 percent after the freezing of many projects in building sector. Textile manufacturing has dropped by 30 percent and footwear manufacturing by 24 percent, following the reduction of external demand and even

¹⁰⁴ Government Decision #15 from 19.01.2009 on the establishing of the minimal wage on country.

¹⁰⁵ http://www.worldbank.org/md/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/MOLDOVAEXTN/0_contentMDK:22165459~menuPK:50003484~pagePK:2865066~piPK:2865079~theSitePK:302251_00.html.

cancellation of contracts with some ordering companies. The unferrous metal production has also decreased much (by 40 percent).

- It seems that the real estate crisis which has hit developed countries long ago is experienced by Moldova as well, with entrepreneurial works falling by 41 percent in the 1st quarter, compared with the same period of 2008. The deepest decline was recorded for new building works (both residential and non-residential). Evolutions in this sector also reduced wages, after an impressive rise in the last five years, when the salary in construction sector exceeded much the average on economy.
- The cargo transport was very sensitive to those evolutions, facing a 65-percent in the 1st quarter, compared with the same period of 2008. The inland water transport only recorded a positive evolution after the opening of the Giurgiulesti port. However, investments in the port will be recovered in a longer period than planned because of negative economic forecasts for this year.
- The agriculture was the only sector to achieve a growth, notably 6.3 percent in the 1st quarter compared with 2008. However, the same growth rate should not be expected the whole year.
- The Government adopted in March the decision on development programme of the light industry until 2015,¹⁰⁶ given the important role of this sector in Moldovan exports (about 26 percent of overall supplies in the last years). The programme calls for the gradual replacement of the Lohn system (which covers 95 percent of the overall clothing manufacturing on republic) by other international cooperation forms such as FOB, private brand and own brand, but without taking into consideration the decline experienced by the sector in connection with the fall in external demand. General actions to sustain the sector including providing the industry with labour force, enhancing labour productivity, increasing the value-added comprise among others the VAT exemption for raw material of enterprises which operate in the FOB system or own brand with the condition to export the finished products. But forecasts say that few enterprises will meet these requirements. But it is important for this programme to be implemented, not to be left aside like other strategic documents.

Shortcomings and problems:

- Economic growth forecasts have been updated more than once this year. IMF forecasts a 5-percent decline for Moldova in 2009 and stagnation in 2010¹⁰⁷. Given the fall in investments and industrial output, construction and services, which was among strongest in the CIS, the IMF forecasts seem to be pretty optimistic.
- Economic forecasts for main trade partners of Moldova are also pessimistic so far, and this will delay the recovery of Moldovan economy in conditions of decline of external market. As well, according to UNCTAD forecasts, FDI in developing countries will fall faster than in developed states¹⁰⁸.
- Despite stronger symptoms of the global economic crisis, the Moldovan Government did not take concrete actions to encourage consumption or sustain producers, being more concerned with elections and electoral campaign. The only initiative to motivate producers by subsidising credits for domestic producers, tabled by the Ministry of Economy and Trade is not feasible in the current conditions. According to easiest calculi, the subsidising proposed by Government would require about one billion lei a year, but it would be hard to allocate these resources, given the serious reduction of budgetary revenues.

Macroeconomic and financial stability

Progress:

- Deflationist trends the last year kept on in the 1st quarter of 2009. A 2-percent deflation of consumer prices (3.8 percent for food products and 2 percent for manufactured goods) was recorded this year. The Price Index of Industrial Producers dropped by 3 percent this year. This allowed the National Bank to relieve the monetary policy moderately. Hereby, NBM lowered the basic interest rate on main short-term monetary policy operations from 12.5 percent down to 11 percent this year. However, the actions concerned did not cheapen credits. On the contrary, interest rates on credits of commercial banks have increased. Even more, credits provided to the economy have fallen by approximately 50 percent compared with the same period of 2008. Commercial banks hesitate to provide credits and like to keep improving liquidity indicators for eventual withdrawal of deposits.
- The stability of Moldovan leu is another evolution which raises concern since currency inflows are on the decline. The Moldovan leu has depreciated by 5.4 percent versus US dollar and 2 percent versus Euro this year on background of deeper falls in domestic currencies throughout the region, especially till the end of 2008. But maintaining the exchange rate implied very high costs. International reserve currency dropped by 28.5 percent this year and this is an alarming fall. Although it covers so far three months of imports, this serious reduction raises concern and was a political strategy in pre-electoral conditions. Currency sales reached a record in the period concerned, with 465 million dollars being sold.

Shortcomings and problems:

- The way Moldova has taken to overcome the crisis by maintaining the stability of leu is risky and could intensify the economic decline, as proved by the early experience of some countries in transition. This effect was already experienced by majority of economic sectors, as exports and production have decreased.
- Maintaining a restrictive monetary policy despite the fall of inflationist pressures is not argued and halts the economic growth through a difficult access of economic agents to credits. The 11-percent basic interest rate

¹⁰⁶ Approved under Government Decision # 223 from 19.03.2009.

¹⁰⁷ World Economic Outlook. Crisis and Recovery, IMF, 2009.

¹⁰⁸ <http://www.unctad.org/Templates/Page.asp?intItemID=4831&lang=1>.

is very high in conditions of an annual inflation of 1.3 percent in late March 2009. NBM should seize the opportunity to advantage the crediting of economy by keeping lowering the basic interest rate and reducing the mandatory reserve norm for the means attracted by commercial banks in lei and freely convertible currency.

Fiscal transparency and stability

Progress:

- Budgetary incomes have decreased by 15 percent in the first three months of this year, compared with the similar period of 2008. VAT collections (the main source to build the state budget, by over 50%) have decreased the most, by 15 percent, and this proves the fall in consumption and imports.
- The budgetary deficit reached 891.8 million lei in the 1st quarter. Although it is smaller than forecasted for the period concerned, it raises a deep concern, as large planned amounts were not allocated to agriculture, transport and road management, education, healthcare, social assistance, public order, and the decline of budgetary revenues raises doubts that these amounts will be allocated this year.
- As much as 11.4 million lei was allocated this year from the reserve fund of the executive to the Government Apparatus, Ministry of Foreign Affairs and European Integration, and Agro-Industrial Agency Moldova-Vin for confidential purposes. The goal of these allocations is unclear, but such actions become doubtful in the pre-electoral period. Such expenses from the reserve fund were not operated in 2008 and much smaller amounts were allocated in 2007.
- In January, the Ministry of Finance issued the order on approving methodological norms for the implementation of internal audit in the public sector¹⁰⁹. This action is relevant and meets regulations of the EU-Moldova Action Plan in the area of transparency and control on public funds.

Shortcomings and problems:

- The decline of budgetary revenues endangers the execution of important expenses foreseen for 2009, inclusively the possibility to pay salaries in budgetary sector, pensions and other indemnities. The serious decline recorded early this year will further deepen. According to expectations by Financial Times, Moldova's budgetary deficit could reach one billion dollars at the end of 2009.¹¹⁰
- The Parliament decided in February to annul interests, penalties and additional interests unpaid by 13 agro-food enterprises afferent to loans in the amount of 23.6 million lei and 331,000 dollars recredited by the Ministry of Finance in 1993-1996¹¹¹. Thus, the fiscal amnesty practice is so far common in Moldova and it is not based on concrete criteria for beneficiaries' selection.

¹⁰⁹ Order # 118 by the Ministry of Finance from 29.12.2008 concerning the approval of methodological norms on implementation of internal audit in public sector.

¹¹⁰ http://www.ft.com/cms/s/c82125be-2906-11de-bc5e-00144feabdc0.Authorised=false.html?i_location=http%3A%2F%2Fwww.ft.com%2Fcms%2Fs%2F0%2Fc82125be-2906-11de-bc5e-00144feabdc0.html&i_referer=http%3A%2F%2Fsearch.ft.com%2Fsearch%3FqueryText%3Dmoldova%26x%3D0%26y%3D0.

¹¹¹ Law # 2 from 02.02.2009 concerning the measures to redress the economic-financial condition of some agro-food enterprises.

6. SOCIAL DEVELOPMENT AND REFORMS

Social dialogue on employment

Progress:

- On February 3, 2009, the Parliament of Moldova passed in the first reading the draft National Youth Strategy for 2009-2013, which enters into force on April 7, 2009. The strategy was worked out in a participatory way, with the involvement of youth organisations within republican forums. In order to implement the regulations of strategy for the period concerned, more than 1.6 billion lei was foreseen for credits aimed at economic sustenance of young people.
- On February 10, 2009, the cabinet of ministers approved the action plan on employment for 2009, which aims to promote active policies, improve situation on labour market, reduce unemployment, improve quality and growth of labour productivity, and consolidate cohesion and social inclusion, particularly by combating any discrimination on labour market. The plan also includes some measures to develop domestic economy by sustaining the entrepreneurship, innovation, build an advantageous business environment for small and medium businesses in Moldova.

Shortcomings and problems:

- No major shortcomings and problems were signalled in the period concerned. On the other hand, ANOFM accounts raise concern, as they say that the number of recorded job seekers was on the rise in January-March 2009, in particular, by 29 percent in February and 18 percent in March 2009.

Gender equality

Progress:

- No great progress was observed in the period concerned.

Shortcomings and problems:

- Approving the draft national policy on ensuring gender equality, as well as medium and long-term action plans afferent to the implementation of this document are slowed down. Strategic documents which underwent meanwhile some changes recommended by competent ministries are due to be approved by Ministry of Justice, Centre for Combating Economic Crimes and Corruption, as well as the governmental Directorate for policy coordination and foreign assistance.

Health and safety at workplace

Progress:

- Government Decision on approving of some normative acts concerning the implementation of Law # 186-XVI on security and health at work¹¹² entered into force on February 17, 2009, approving some regulations, including the regulation on the protection of employees at work and prevention of professional risks, the framework regulation on organisation and functioning of the committee on security and health at work etc. The drafting of these normative acts was a long process after the slowed down approval of the law on security and health at work, which was discussed since the 3rd quarter of 2007; now the enforcement of these regulations is expected.
- Government Decision # 257 concerning the approving of the strategy of the national referring system for the protection and assistance of victims and potential victims of trafficking in human beings and the action plan on implementation of the strategy of the National Referral System for assistance and protection of victims and potential victims of trafficking in human beings for 2009-2011 entered into force on February 10, 2009. The two documents provide the legal framework needed to implement a systematic approach of assistance and protection of victims and potential victims of trafficking via the National Referral System (NRS). The strategy calls for the inclusion of all communes into NRS, so that to make this system operational nationwide;
- On February 10, 2009 the Government of Moldova approved the modification of the regulation on remuneration of employees of public medical-sanitary institutions covered by the mandatory health insurance system. The draft regulation calls for increasing the wage for the 1st qualification category from 615 lei up to 750 lei starting March 1, 2009. The salary for this category will be increased by 22 percent compared with 2008. However, wages in this area are low so far, covering just 58 percent of the minimum consumer basket, which was worth about 1,300 lei in the period concerned, according to NBS data.

¹¹² GD # 95 from 10.07.2008.

Shortcomings and problems:

- Employers do not meet exactly the regulations of the law on security and health at work approved by the Parliament in 2008, especially when they employ unqualified people in terms of health and security at work, work in very dangerous conditions, use of out-of-use and dangerous technologies. Competent labour inspectors should carefully watch the enforcement of this law, in order to ensure the execution of Moldova's commitments in front of International Organization for Migration.

Social protection and integration

Progress:

- Government Decision # 1512 concerning the approval of the national programme on building the integrated social service system for 2008-2012 entered into force on January 20, 2009. The basic goal of the programme is to quickly extend the community and specialised social services and optimise the high-qualification social services. At the same time, this programme aims to reduce the current costs by combining prevention and rehabilitation measures and resolution of cases at community level. For the first time nationwide this programme will try develop social services with the view to reduce social exclusion, a relatively new concept for our country, and will improve quality of life of people in need.
- Government Decision # 197 entered into force on March 10, 2009 to introduce a 20-percent indexation coefficient for some pension categories including retirement, invalidity, succession pensions, etc. According to the National Health Insurance House, indexed pensions will be paid to approximately 653,000 people. Under the same decision, pensions of military will be indexed 13 percent. This seems to be a rise in pensions, as the indexation would increase pensions proportionally to spending of beneficiaries for diverse services, including housekeeping, drugs and foodstuffs, with all these costs exceeding the indexed pensions. According to accounts of the World Bank, the annual inflation on foodstuffs increased up to 24 percent in May 2008, with prices of main food products going up and keeping growing by 20 percent for bread, 56 percent for fruit and 24 percent for dairy. The cost of all foodstuffs is on the rise in 2009, too, according to the World Bank, as about 28 percent of the population faces poverty;
- Government Decision # 1479 approving the minimum quality standards for the professional parental assistance services enters into force on January 13, 2009. The approval of these standards could have a positive impact in future on development of the national system of social protection of children facing a risky situation in Moldova. The reformation of the national social protection system in our country requires the wide implementation of alternative social services and reduction of residential public service.
- Starting January 1, 2009, indemnities paid to families who have children were increased under the state budget law and the state social insurance budget law for 2009. The 5-percent rise of monthly indemnity for growing up children under 3 and the rise of the single birth indemnity are positive evolutions in this respect. At the same time, indemnities paid to mothers are lowest in the region and European area, and even lower than in Romania, which is behind majority of EU member states, including Slovenia, which pays a child-growing indemnity equivalent to salaries, Baltic countries etc.

Shortcomings and problems:

- Elaborating the mechanism of implementation of the National Programme on building the integrated social service system for 2008-2012 and its funding are so far a major problem, given the little available funds for this and next years;
- Despite the indexation of certain pension categories, Moldova is ranked so far on the 8th place in the CIS regarding the minimum pensions. According to NBS accounts, a Moldovan retiree earned only 45 dollars on average in February 2009.

Public health

Progress:

- On February 3, 2009, the Moldovan Parliament adopted Law # 22-XVI on completing Article 4 of the law concerning the mandatory health insurance. The law aims to extend the financial coverage mechanism in case of illness for disadvantaged families eligible for social assistance, in compliance with Law # 133-XVI from June 13, 2008, helping this way to fulfil the goals of the national strategy on development of the healthcare system for 2008-2017.

Shortcomings and problems:

- According to data and analyses by Moldovan Presidency, the legal framework for protection of rights and health of consumers on domestic market is imperfect, while competent state bodies including the Ministry of Economy and Trade, Ministry of Health, Ministry of Agriculture and Food Industry do not fulfil well their tasks in this area. A task force should be established to work out proposals on improving the legal and institutional framework in the area.

7. INTERNATIONAL TRADE

Commercial relations (Trade regime with EU)

Progress:

- Statistics for the first two months of 2009 reveal a strengthened position of the EU market in the top of destinations for Moldovan exports on background of cheaper Moldovan supplies to all directions because of the world economic crisis;
- Moldovan exporters keep enjoying advantages provided by the Autonomous Trade Preferences. According to data from the Ministry of Economy and Trade, the wine export quotas were used 32 percent, sugar – 38.8 percent, barley 15.1 percent, and corn 9.4 percent in the 1st quarter. So far, Moldovan companies do not benefit by preferences for animal product exports, as European sanitary norms are not respected.
- Negotiations of an eventual free exchange agreement between the European Union and Moldova could start next autumn, this being the most optimistic forecast. Moldovan authorities shall focus their efforts on setting priorities and elaborating a position regarding the future agreement.

Shortcomings and problems:

- Some internal „beyond borders” barriers halt so far the development of trade relations with the European Union. Moldova does not do its best to remedy them, with the incapacity to implement European sanitary norms being an eloquent example in this respect. The lack of progress in such areas could seriously undermine Moldova’s position during negotiations on an eventual free exchange agreement. In other terms, why should be Moldova provided a wider and deeper trade regime if it cannot use all advantages of the existing regime?

Export promotion and development

Progress:

- An untypical trend was observed in the 1st quarter of 2009 – the trade deficit has decreased by almost 28.7 percent compared with the similar period of 2008, down to 502 million dollars.¹¹³ It decreased on background of a serious fall of trade inflows: exports declined by 18.2 percent and imports by 25.2 percent. The global financial and economic crisis hit both the exports and imports. The demand for Moldovan exports has dropped in almost all countries, but more in the CIS area. Various categories of exports both relating to European production chains (textiles decreased by 25.2 percent) and those “vernacular” for Moldova (food products, drinks and tobacco dropped by 18.4 percent) were affected.
- At the same time, the fall in internal consumption mainly sustained by remittances has a negative influence on imports, as remittances decreased by more than 30 percent in January-February 2009, compared with the similar period of 2008. Since immediate economic prospects for Moldovan migrants abroad are relatively (West Europe) or very disadvantageous (building sector in CIS) so far, remittances will not fuel imports at the same extent anymore, and the imports will keep falling;
- Despite a strong fall in exports to all directions, supplies to EU, in general and Romania, in particular keep growing on account of exports to CIS. EU and Romania attracted 55.1 percent and 20.5 percent respectively of exports in the 1st quarter of 2009. It is worth noting that exports to all major partners (which cover more than 5 percent of overall supplies) have compressed much;
- The world economic crisis has seriously hit all Moldovan exports. Metal exports suffered the most, as they dropped by nearly 85 percent due to the serious fall in demand for raw material, and other supplies such as textiles, food products etc. dropped by 60-25 percent. Just exports of “machines and equipment” (which starting advancing as a key export in 2008 only) and “vegetal products” and “chemical products” seem to handle the crisis well. These supplies increased their share and price.

Shortcomings and problems:

- So far, there is no sign that the end of the economic crisis is close. It means that trade inflows will further face pressures and this is a global trend. Thus, the World Trade Organisation forecasts a 9-percent fall of global trade inflows in 2009: the first decline after 1982. Nor Moldovan exports are immune to these increasing global risks. The deceleration of economic crisis or even economic recession in partner countries means both the fall in demand for Moldovan products and anaemic demand for Moldovan labour force. The attenuation of remittances has already hit the consumer demand and imports, and there are signals that these effects will continue. Facilitating the trade shall be a priority concern of authorities and removing internal barriers would be a measure which would not imply high costs but would bring immediate and clear results.

Sanitary and phytosanitary standards

Progress:

- No great progress was observed in the 1st quarter. Some relevant draft sanitary-veterinary norms and technical regulations are being discussed. The regulation on certification of animals and animal products

¹¹³ Hereinafter (except for statistics on spirits) NBS data.

was drafted and delivered to the Government in order to approve it, after being adjusted to EU Council Directive 96/93/CE from December 17, 1996 concerning the certification of animals and animal products;

- The Sanitary-Veterinary Agency for Safety of Animal Products is now operational, being the central public agency in charge with implementing and monitoring sanitary-veterinary policies and strategies and safety of animal products and health of animals, controlling and supervising safety of raw material and products of animal origin and operation of livestock exploitations. The work of the agency is supported by FAO, World Bank and EU projects. The agency has a website, but little information is now available, as for example relevant statistics on the sector etc.;

Shortcomings and problems:

- A slow progress is observed in developing the Automatic Information System for the Identification and Traceability of Animals and endowing reference laboratories, both critical for the qualification of supplies of Moldovan animal products to EU.

8. BUSINESS CLIMATE

Progress:

- The Parliament adopted a regulation on using the fund for subsidising agricultural producers, which counts for 313.5 million lei, compared with 270 million lei in 2008¹¹⁴. Of course, such a little rise of the fund will not cover the shortage of capital investments, modernise equipment and respectively enhance outputs in agriculture. According to Annex 1 of the regulation, the fund compensates just 15 percent of the price of purchased agricultural equipment and machines, 30 percent of tractors and combines with a bigger capacity, and between 20 and 30 percent of diverse irrigation equipment. Such conditions keep advantaging large enterprises, while farms are so far incapable to purchase agricultural equipment. Another difficulty faced by small enterprises, in particular rests with the possibility to benefit of subsidies just after providing confirming documents that the equipment etc., was paid. Therefore, the shortage of funds faced by agricultural enterprises and hesitation of commercial banks to credit high-risk activities lay serious obstacles to finding necessary resources and buy the goods covered by subsidies.
- The Government decision on starting negotiation of the draft funding agreement between the Moldovan Government and the European Commission for the road building project in Moldova. Given the importance of building the infrastructure, especially roads for improving the investment environment, such initiatives are welcome to the extent of the achievement of established goals.
- On February 10, 2009, the Government issued a Decision on approving the Development Programme of electronic industry until 2015. Given the necessity of developing some branches of intensive science industry, which ensures high outputs, the efficient implementation of such a strategy helps improving the investment climate in this sector. The strategy aims to improve the regulatory framework of electronic industry, attract investments, promote domestic production, build qualified staff potential, and encourage innovations, technological transfer and production. However, a basic fault of the strategy is the lack of a sustainable financial coverage. In particular, the state budget foresees just about 4.5 million lei for the action plan which covers the period 2009-2015, while other costs will be found later and/or covered by local economic agents and foreign investors.
- Under a Government Decision, the state sustenance programme for small and medium businesses for 2009-2011¹¹⁵ was approved to continue the similar strategy implemented in 2006-2008. Besides building an advantageous regulatory framework for medium and small businesses, promoting entrepreneurial culture, developing competitiveness and dialogue with Government, strategic priorities include a series of innovative schemes to facilitate the access of small and medium businesses to funding. The Organisation for Development of Small and Medium Enterprises sector was nominated in charge with monitoring and making a synthesis evaluation of the programme.
- The development programme of the light industry until 2015¹¹⁶ was approved on March 19, 2009 to ensure a sustainable development of the light industry and turn it into a key branch of the national economy. The programme includes an action plan which will be implemented in two rounds: the first round (2009-2010) will aim to facilitate cooperation with central and local public administration, reform the professional education system, promote domestic products and attract funds from foreign donors; the second round (2011-2015) will aim to modernise education institutions and credit enterprises in the area to supplement and modernise the existing equipment. However, the funding modality foreseen for this action plan reveals the lack of political willingness to fulfil such strategic goals, which funding from the state budget means high opportunity costs for the governing. Therefore, a national strategy will be funded about 5 percent from the state budget and the rest by foreign donors or economic agents envisaged by this document directly.
- The National Agency for Protection of Competition issued a series of decisions to set the dominant condition of economic agents operating on electricity, heating, and water supply and sewerage markets. These regulations allow the agency, under the law on protection of competition,¹¹⁷ to ensure a state control on the markets concerned, in order to prevent abusing of dominant condition of economic agents, particularly in terms of setting increased monopolist prices.

Shortcomings and problems:

- For the first time in the last four years the 4th quarter of 2008 recorded a decline in foreign direct investments in national economy, and this trend was maintained in the 1st quarter of 2009, according to own estimates. In particular, FDI turned over 133.9 million dollars in the last three months of 2008, which is by 48.3 percent less than in the 3rd quarter of 2008 and by 32.6 percent less than in the similar period of 2007. Subscriptions to registered capital of enterprises have decreased from 162.1 million dollars in the 3rd quarter down to 115.7 million dollars in the 4th quarter of 2008 (by 28.7 percent), though they increased compared with October-December 2007 (by 15.2 percent)¹¹⁸. However, the overall FDI inflow in late 2008 was 712.8 million dollars, which is by 44.5 percent more than in 2007, which was a little higher than official estimates. Thus, the clear fall in the last quarter was related to the first effects of the world financial and economic crisis, but the crisis development will reduce the FDI inflow in the 1st quarter of 2009 as well. The investment conduct was also influenced by the April parliamentary elections in the period concern, so that investors waited for the post-electoral evolutions. Certainly, the 1st quarter of 2009 proved definitively the

¹¹⁴ Parliament Decision # 312-XVI from 25.12.2008 published in Monitorul Oficial # 7-9 from 20.01.2009.

¹¹⁵ Government Decision # 123 from 10.02.2009 concerning the state sustenance programme on development of small and medium businesses for 2009-2011.

¹¹⁶ Government Decision # 223 from 19.03. 2009 concerning the development programme of the light industry until 2015.

¹¹⁷ Law # 1103-XIV from 30.06.2000 concerning the protection of competition.

¹¹⁸ http://bnm.md/md/balance_of_payments, „Balance of payments of the Republic of Moldova for the first 9 months of 2007 – 2008, standard presentation in brief”.

lack of immunity of Moldova's economy in front of the current economic crisis, and this will hit the domestic investment climate for sure.

- The world financial and economic crisis, as well as expectations on post-electoral evolutions hit fixed investments both of domestic enterprises and foreign companies in the 1st quarter. Thus, fixed investments funded from own means amounted to 705.8 million lei or by 26.2 percent less than in January-March 2008; investments funded by foreign investors dropped by 58.4 percent, down to 221.8 million lei in March 2009¹¹⁹.
- The dramatic reduction in carried goods (by 64 percent), industrial output (by 24 percent), entrepreneurial works of building organisations (by 41.3 percent), internal goods trade (by 5.6 percent) in the 1st quarter of 2009 compared with the same period of 2008 reveals the extent at which the domestic business environment was affected after the fall in internal and external demands.
- The law on modification and completion of the insolvency law,¹²⁰ which allows the Government to extend to three years the procedure of the plan on strategic enterprises covered by the insolvency procedure, was promulgated under a presidential decree on January 20, 2009. This decision particularly envisages S.A. „Termocom” which insolvency procedure should be over in late 2008. However, the fact the Government becomes the single competent authority in charge with unilaterally extending this procedure, as well as the lack of criteria on which such decisions are based leave room for abuses and corruptibility in the process of implementation of this law for the benefit of other economic agents, and this will hit the market competition.
- Once started, it is hard to stop the fiscal amnesties. The Moldovan Parliament voted a new law¹²¹ which annulled the debts for interests and penalties afferent to the loans recredited by the Ministry of Finance in 1993-1996 for 13 agro-food enterprises, as of December 31, 2008. The overall annulled debt amounted to 23.6 million lei and was officially motivated by the need to redress the economic-financial condition of some economic agents from this sector. However, given the lack of transparency and criteria under which the beneficiaries of such an „amensty” were selected, this initiative undermines the financial discipline of economic agents and has a negative influence on domestic business climate.

¹¹⁹ Nation Bureau of Statistics.

¹²⁰ Decree # 2072-IV, Chisinau, January 20, 2009 concerning the promulgation of the law on the modification and completion of Insolvency Law # 632-XV from 14.11.2001.

¹²¹ Law # 2-XVI from 2.02.2009 concerning measures to redress the economic-financial condition of some agro-food enterprises.

This report is published as part of the project *"EU – Moldova Relations – Improving Public Information and Debate on Key Progress"*. The project is being implemented by two non-governmental organisations: ADEPT and EXPERT-GRUP, and is funded by Soros-Moldova Foundation.

The concept of this project was born in a dynamic political context, which was determined by political, economic, and social factors. In this context, implementation of the 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 the Action Plan implementation.

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.