

# EUROMONITOR

QUARTERLY MONITORING REPORT ON THE PROGRESS IN  
IMPLEMENTING THE EUROPEAN UNION–MOLDOVA ACTION PLAN  
IN JULY - SEPTEMBER 2014

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**Chișinău, December 2014**

Note: The authors have developed this report in good faith and with good intentions. The authors are solely responsible for their affirmations and conclusions, which are not necessarily shared by the Soros - Foundation Moldova, Government of the Republic of Moldova or other institutions mentioned in the report.

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## Introduction

The quarterly monitoring report on the implementation of European Union – Moldova Action Plan (EURMAP) in the period of July-September 2014 has been produced within the joint project “EU-Moldova relations – monitoring progress in the Eastern Partnership in 2014” funded by the Soros Foundation – Moldova. It is the 33rd Euromonitor developed since 2005 in order to monitor the progresses of authorities in fulfilling the commitments undertaken in relations with the European Union.

Euromonitor is developed on a quarterly basis in order to inform and stimulate an active participation of the public in European integration debates. The report is based on assessing the progress of the authorities, the challenges and opportunities of the integration process at all levels of priority policies. Progress monitoring is based on a specially developed methodology and its results are presented to the public in an accessible and attractive manner.

The quarterly report is focused on **28 areas**, presenting the evolutions during the monitored period, evaluating the impact of the actions taken and identifying major problems. The report is available on the websites of the partner organizations [www.e-democracy.md](http://www.e-democracy.md) and [www.expert-grup.org](http://www.expert-grup.org). Also, a separate webpage, [www.euromonitor.md](http://www.euromonitor.md), was created to reflect the dynamics of Moldova's European integration progress in a more intuitive and user friendly way. The website [www.euromonitor.md](http://www.euromonitor.md) also presents the assessment of the initial situation (2005), annual progresses, and the quarterly progress achieved at the level of each action/reform, policy area and at the global level. The initial situation (in 2005) and the current situation (2012) is presented based on the conclusions of the progress assessment report for 2005-2012 and is focused on the areas included in the report. The quarterly progress for 2014 is also assessed on the basis of the areas included in the report.

## ■ Justice sector reform

### Major quarterly developments

In the monitored period it continued the implementation of the Justice Sector Reform for 2011-2016 (JSR). By July 1, 2014, according to the quarterly report no. 6 of JRS implementation monitoring<sup>1</sup>, out of 288 actions planned to be completed by June 30<sup>th</sup>, 2014, 173 were completed and 115 continue to be unrealized, which constitutes, respectively, a percentage ratio of 60% to 40%. This shows a positive growth rate, but not an essential one, compared to the previous period.

In order to optimize the judicial map, through the Law no. 177 of 25.07.2014 on amending and supplementing certain legislative acts adopted by the Government, Bender Court of Appeal was dissolved and localities under its jurisdiction were transferred under the jurisdiction of the Chisinau Court of Appeal.

The procedures for waiving judges' immunity were streamlined, the legislative interventions for this purpose facing resistance in the last years. We recall that a project on this issue (no. 2498) was registered in Parliament by a group of MPs on 15.11.2011, but shortly after the project was withdrawn on 04.04.2012. Subsequently, at the initiative of the Government (Ministry of Justice being the direct author), by the Law no. 153 of 05.07.2012 was ruled out the need to obtain the consent of the Superior Council of Magistracy (SCM) for initiating criminal proceedings against the judges committing offenses of passive corruption and influence peddling, as well as for their contravention sanctioning. These provisions have been challenged in the Constitutional Court, which by Decision no. 22 of 05.09.2013 admitted the complaint on the part related to: exclusion of the SCM consent for detaining, forced presentation of, and searching the judge for committing the offenses specified when a case is initiated, till the startup of the criminal prosecution by the Attorney General; excluding provisions on exclusive contraventional sanctioning of judges to be applied by the court and with the SCM agreement. It was dismissed the intimation on excluding SCM consent on initiating a criminal case on the judges committing offenses of passive corruption and influence peddling, these rules being recognized constitutional. In the context of this decision, by Law no. 177 of 25.07.2014 were adopted the necessary adjustments and additions, the special provisions being extended to the offenses of money laundering and illicit enrichment.

### Impact of actions taken

In general, the level of satisfaction of litigants to the justice system is increasing, although this increase is not spectacular. This is due to, inclusively, the number of recorded audio sessions, number of meetings held in meeting rooms, as well as the solemnity of the meetings.<sup>2</sup>

### Main problems identified

Despite an overall positive dynamic in achieving JSR, there are problems in completing current actions and in completing the actions delayed/ postponed. There are essential delays in reforming the Prosecutor Office, and the map of courts displacement optimization. In this regard, the approval of the Prosecutor Office reforming concept by Law no. 122 of 07.03.2014, and the abolition of the Bender Court of Appeal, is insufficient.

Despite the positive dynamics in audio recording of hearings held in the meeting rooms of the courts, as well as the solemnity of the meetings, these indicators are not constant in all of the courts, the most problematic being the activity of the Chisinau Court of Appeal. It is also maintained the issues related to courthouses facilities, as well as the court's electronic platforms management.

<sup>1</sup> [http://www.promolex.md/upload/publications/ro/doc\\_1401270481.pdf](http://www.promolex.md/upload/publications/ro/doc_1401270481.pdf), Promo-LEX, AGER, Quarterly Report no.6 on JSR implementation (monitoring period April – June 2014).

<sup>2</sup> Ibidem.

## ■ Combating corruption

### Major quarterly developments

National Anti-Corruption Center (NAC) and the National Integrity Commission (NIC) continue to operate within their institutional mandates. NAC informs about anti-corruption awareness campaigns, including trainings conducted in the context of Law no. 325 of 23/12/2013 on professional integrity testing. According to NAC, since 15 August 2014 about 15 000 civil servants were trained in this regard.<sup>3</sup>

Based on statistics provided by the NIC for the first half of 2014<sup>4</sup>, the authority initiated in the last period 121 inspections, including 54 from office. The initial checks were focused on: 66 possible violations of the legal regime of declaration of income and property, which consists 54.5% of the total number of inspections; 35 possible violations of the legal regime of conflict of interest or 28.9% of the total number of checks undertaken; 20 possible violations of the legal regime of incompatibilities and restrictions, or 16.5% of all inspections. Control files were related to 101 subjects of declaration, encompassing 63 leading officials and 38 officials from the executive. 113 cases were completed, including 59 initiated in 2013 and 54 initiated in 2014. From the total number of cases completed, 58 were completed finding the violations committed by the subjects, 55 – were dismissed on the grounds that the seized facts were not confirmed.

In general, the prevention and combating corruption activity has been guided by the Action Plan for the implementation of the National Anticorruption Strategy (2011-2015), approved by Parliament Decision no. 76 of 05/16/2014. According to the statistics for the first half of 2014<sup>5</sup> - 72% of the planned actions have been successfully completed, 17% are found to be as overdue, and 11% are in the process of development.

### Impact of actions taken

Although we cannot ascertain and quantify the real impact of NIC activity, the criminal cases sent to courts on the grounds of false declarations are noteworthy. According to information provided by the Prosecutor General on 02 October 2014<sup>6</sup>, Anticorruption Prosecutor's Office has completed the prosecution and sent to the court the criminal case on the mayor of the village Cimişeni, Criuleni, in the case of which prosecutors concluded he presented false income/ property declarations (Criminal Code 352<sup>1</sup>). The respective criminal case was initiated on the basis of the notification received by the end of May from NIC on inconsistencies and omissions in the statements of income and property of that person. It was established discrepancies between the facts and data from previous statements made by him in 2012.

### Main problems identified

The delay in approving the Action Plan for 2014-2015 on the implementation of the National Anticorruption Strategy led to the failure of several planned activities. Thus, by July 2014, 7 actions remain overdue, including the elaboration of studies in the field of activity, adjusting the legal framework, reviewing the format of income declarations; revision of the Code of Conduct of the customs officers; review the Code of Ethics for medical and pharmaceutical workers. Also, the authorities still have to strengthen their efforts on drafting internal regulations on whistleblowers. NIC activity continues to be affected by the confusing and incomplete legislation which requires to be amended.

<sup>3</sup> <http://cna.md/ro/evenimente/zero-toleranta-fata-coruptie-bilant-saptaminal>

<sup>4</sup> <http://cni.md/wp-content/uploads/2014/08/Raport-CNI-Sem.I-2014.doc>, Report of NIC activity in 2014, 1st quarter

<sup>5</sup> [http://cna.md/sites/default/files/sna\\_rapoarte/raportul\\_de\\_monitorizare-s1\\_2014\\_0.pdf](http://cna.md/sites/default/files/sna_rapoarte/raportul_de_monitorizare-s1_2014_0.pdf), Monitoring reports on anticorruption strategy implementation in 2014-2015

<sup>6</sup> <http://www.procuratura.md/md/newslist/1211/1/5742/>

## ■ Human rights and fundamental freedoms

### Major quarterly developments

- It was initiated the process of adjusting the national legislation with the provisions of Law no. 5-XVI of February 9, 2006, on ensuring equality of chances between women and men. The draft law provides as affirmative action to promote women in decision-making positions, the 40% minimum rate of women participation in the central and local authorities. The draft decision on amending and supplementing certain legislative acts was approved through Government Decision no. 322 of May 8, 2014. At the request of the Government the project was registered in the Parliament of Moldova with no. 180 of 05.15.2014, and was approved in the first reading on July 17, 2014.
- It was sent for approval to the Government the legislative initiative to amend Article 7 of Law No. 845-XII from 03.01.1992 on entrepreneurship and enterprises, which is to be supplemented by a new paragraph related to the representation of each gender by at least 30% in management boards of commercial companies in which the state holds a share or the entire capital, including the state and municipal enterprises. The draft law amending Article 7 of Law No. 845 - XII of January 3, 1992, on entrepreneurship and business was registered in Parliament with no. 503 of 12.05.2013 and waits to be examined by Parliament.
- It was submitted to Parliament a draft law to supplement Article 41 of the Election Code no. 1381-XIII of November 21, 1997, in the context of mandatory inclusion on the lists of candidates for parliamentary and local elections of at least 30% women candidates. The draft law on completion Article 41 of the Election Code was registered under the number 101 of 03.11.2014 and was voted in the first reading.

### Main problems identified

- At the end of the mandate, the legislature failed to pass a series of laws designed to ensure better protection of human rights in Moldova. In this regard, we mention the failure of adopting in the final reading of the draft law on the introduction of a share of minimum representation for both women and men for promoting active participation of women in decision-making in government structures. Also, in the final reading were not approved the amendments to the Broadcasting Code that would regulate financing and transparency of media ownership.
- The lack of consensus on candidates for ombudsmen. Although Law No. 52 of 04.03.2014 on the Ombudsman entered into force in April 2014, it is still not functional as none of the candidates selected through a public competition have the support of the parliamentary majority.
- Safety at the workplace continues to be a problem, and the legal and regulatory framework governing this area is still under development. Thereby, 17 people died in work accidents in the first half of 2014. The number of accidents rose by 14 percent.
- Moldova continues to be monitored by the Council of Europe, and is not ready to go to the post-monitoring level. Among the "debts" of Moldova is the reforming of the justice and law enforcement.
- Moldova has dropped one place from last year's Press Freedom Index, ranking No. 56 in the category of countries with "obvious problems" in pluralism, independence of the media, journalists working environment and self-censorship, legislative framework, transparency of institutions, necessary infrastructure for journalists.

## ■ Transnistrian conflict settlement

### Association Agreement with the EU - new opportunities for the Transnistrian conflict settlement

On July 10, 2014, the Moldovan Parliament adopted a declaration on country's territorial reintegration processes after signing the Association Agreement (AA). According to the text of the document:

- Moldova's territorial reintegration is a national priority;
- The European Integration process is the driving force of the major reforms on legislative, institutional and in the field of public policies ;
- Moldovan authorities will exclusively promote the conflict settlement through negotiation, with respect for country's sovereignty and territorial integrity;
- Becoming part of the Deep and Comprehensive Free Trade Agreement (DCFTA) represents a major step for Moldova in ensuring free movement of goods and services between Moldova and the EU. The visa liberalized regime already ensures the free movement of Moldovan citizens from both banks of Dniester in the EU;
- Moldovan authorities will continue to make efforts to ensure equal access to citizens and business community on both banks of Dniester to the new opportunities open with the ratification of AA;
- Moldovan authorities will provide necessary information to the partners from Tiraspol about the efforts undertaken at the executive and legislative level in order to prepare for the implementation of DCFTA provisions;
- EU decision to extend the application of Autonomous Trade Preferences for economic operators in Transnistria by the end of 2015 gives the required time to identify some solutions.

On July 23, 2014, the US Senate unanimously adopted Resolution SR 500 launching an appeal to EU to deepen political and economic integration of the Republic of Moldova. Also, the resolution refers to the new regional challenges connected to Russian Federation behaviour, which exerts economic pressure and supports separatist movements in Moldova. In the text of the resolution is required the fulfillment by the Russian Federation of the commitments assumed on withdrawal of its military forces and ammunition from the internationally recognized territory of the Republic of Moldova. On the other hand, the resolution encouraged Transnistrian leaders to resume negotiations for a political settlement of the conflict.

### Replacement of „5+2” negotiations with consultations of the political representatives

Prime Minister Iurie Leanca and Speaker of the Parliament Igor Corman met with the new head of the OSCE Mission in the Republic Moldova, Michael Scanlan, where it was confirmed the need to maintain an active political dialogue between the actors and partners involved in the regulatory process, in accordance with the principles and procedures of the "5+2" negotiations. In fact, during the reference period, negotiations in the "5 + 2" format were not conducted, as the Transnistrian side refused despite the fact negotiations were scheduled for September 11 - 12. Instead, there were a number of separate consultations with mediators and observers in Chisinau and Tiraspol. Within these meetings were discussed issues related to:

- the situation of Moldovan schools teaching in Latin script in Transnistria, especially the topic about developing a Regulation that would established the basic operation principles of the educational institutions from the Transnistrian region, under the Ministry of Education of the Republic of Moldova. Also, it was discussed technical issues related to rent payment for the premises where the schools operate, joint inspections in schools, etc.;
- the unilateral actions of Transnistrian force structures such as expanding illegal checkpoints over the so-called administrative lines; introduction of more complicated procedures when crossing to the left side; and limitation of the stay period in Transnistria;
- the criminal cases initiated by the Prosecutor General of the Republic of Moldova on several representatives of regional structures for abuse of power;
- overlapping frequencies in telecommunications, which can create blockages in TV stations broadcasting, mobile phone or internet connection;

- the access of farmers from Dubasari district to agricultural land located along the line Tiraspol-Camenca as well as other economic issues.

### **The activity of the Joint Control Commission**

During the reporting period, the activity of the Joint Control Commission had difficulties because the Transnistrian side broke previous agreements on:

- unauthorized infrastructure expansion of Transnistrian force structures stations in the city of Bender;
- infringement of the provisions of the Agreement of 1992, related to free movement of citizens by the Security Zone;
- deliberate blocking the movement of military observers as well as blocking the requests of the Republic of Moldova on documenting the incidents occurring in the Security Zone;
- complicating the migration registration procedures by limiting the period of stay in the left bank of Dniester to up to 90 days;
- blocking the access roads to farm land in the vicinity of villages Doroțcaia and Pohrebea of Dubasari district etc.

## **■ Improving welfare**

### **Major quarterly developments**

The main measures aimed at strengthening the welfare of the population in the third quarter have had mainly a general character, but with an additional emphasis on strengthening the social protection system of the children. Thus, a new framework Regulation was approved by the executive on the organization and functioning of professional parental assistance and minimum quality standards, which follows similar documents approved in 2007. The approval of the new regulation aims to strengthen and further develop the residential child care system, being given a special interest to developing alternative familial services. At the same time, the new minimum quality standards for professional parental assistance services were connected to the UN Guidelines for the Alternative Child Care, Moldova being among the first countries in the region to implement the respective provisions. Simultaneously were approved the minimum quality standards for social support service for families with children, which will help improve the quality of services provided by authorities.

### **Impact of actions taken**

- The approval and implementation of documents related to social protection of family and child will contribute to a more uniformed development of the regulatory and institutional framework, stressing the need for the development of alternative familial services. Thus, stimulation of alternative services of this kind will contribute to social inclusion of children separated from their natural families and of the children in a state of difficulty. The adoption of minimum quality standards will help ensuring that all children's rights are respected, and will reduce the risk of abuse from service providers. Also, the approved standards to support families with children will contribute to raising the quality of services provided, and it will increase the responsibilities of local authorities in protecting children's rights.

### **Main problems identified**

- The establishment of institutional and regulatory framework for professional parental assistance service is only the first step towards improving the situation of children without parental care or which are at risk. However, the financial allocations for this service are too small to stimulate an increase in the number of families involved in providing such services. Also, the current system of family and child social protection requires the development of mechanisms for early identification of



risk situations in the families. In this context it is urgent to further strengthen the institutional framework for social protection and family support.

## ■ Macroeconomic and macrofinancial policies

### Major quarterly developments

Among the macroeconomic and macrofinancial decisions taken in the third quarter of 2014, is to be highlighted Government's responsibility on introducing changes to the state budget, to the social insurances budget and to the compulsory health insurance fund. The mentioned budget changes were dictated by the need to adjust to the overall changing economy in the first half of the year. Also, the planned salaries increase in the budgetary sector and pensions increase with resources from the state budget required revision of the public income sources. Nonetheless, spending programs were prioritized on the basis of updated estimates of financial resource framework. Other macroeconomic initiatives of the government were related to offering support to the producers of fruits, vegetables, grapes and cans, as a consequence of the Russian embargo. Namely, by November 30, were canceled the procedures of enforcement of tax liability and other payments to the national budget. A similar action is the cancelation of penalty increase in the case of delays in paying tax obligations. To support the wine producers, it was decided to exempt from excise the distillates obtained from the wine produced in Moldova used as feedstock for the production of other goods. As result, in the package of normative acts which the government has assumed responsibility for, appears the Public Finance Law and budgetary- fiscal responsibility, which will replace the old Law on the Budgetary System and the budgetary process.

### Impact of actions taken

- Approval of adjustments to the national budget and the assistance measures for domestic producers affected by the Russian embargo will allow the connection of public finances to the real economic situation. Also, the mechanisms of fiscal assistance granted to economic operators in the agri-food sector will reduce the negative impact of the embargo and minimize the costs related to the sector. Meanwhile, the approval of the new law on public finances will significantly improve the management and transparency of the sector.

### Main problems identified

The main problem related to the specified initiatives is how they are approved, namely the assumed responsibility of the government for these laws. This exceptional mechanism of passing legislation attests the imperfect cooperation between the executive and legislative, the lack of consensus within the governing coalition, as well as the inability to openly debate the draft laws in the parliament.

## ■ Functional market economy

### Major quarterly developments

During the monitoring period a set of measures were taken aimed at improving the competitiveness of the national economy. The Government approved a decision on the establishment of the Council for Competitiveness. The council will coordinate, monitor and evaluate the activity of central public administration on the implementation of the Roadmap for improving competitiveness in Moldova. This document, as well as the competitiveness institutional framework, aims at eliminating impediments for the Association Agreement implementation and to stimulate the structural reforms. Also, during this period, the government signed two agreements with the World Bank, worth 45 million dollars, intended for Competitiveness Enhancement Project (CAP II) implementation. The given project, supporting the Council for Competitiveness, will assist local

enterprises to improve the regulatory framework and help export-oriented companies to increase access to financing.

#### **Impact of actions taken**

- The intensive development of the competitiveness institutional framework and the financial assistance from external donors will create a favorable environment for domestic companies to increase competitiveness, including on European markets. Also, the regulatory framework of the business environment will become more favorable on opening and developing new companies.

#### **Main problems identified**

Among the main challenges for the activity of the Competitiveness Council and for the implementation of the Roadmap, we mention the poor quality of public institutional framework, the prevalence of interest groups within the Council, as well as the lack of progress on other components for improving the business environment, including the persistence of corruption.

## **■ Rural and regional development**

#### **Major quarterly developments**

In the third quarter of 2014, the main actions with regional impact mainly refer to the completion of some infrastructure projects. Thus, some parts of the rehabilitated roads were put into exploitation, including the routes Porumbrei-Sagaidac of Cimislia district and Vărzărești-Nisporeni. Also, in this period was finalized the building of social housing in phase II of the "Project of housing construction for socially vulnerable people in Republic of Moldova" funded by the Council of Europe Development Bank. The first 40 social houses started to be exploited in Calarasi and it also started the building process in Soroca. In this period it was announced the Czech government's decision to provide funding for a regional development project on "Strengthening the capacities of local and regional actors in applying balanced socio-economic development tools in the South region", which will strengthen the institutional capacity of the competent authorities.

#### **Impact of actions taken**

- Geographically uniform distribution of the rehabilitated roads is a major factor in balancing the development opportunities in the regions. Namely, the modernization of the road network will contribute essentially to the business climate in the regions and to the revival of economic growth.
- The construction of housing for socially vulnerable people is an important factor in decreasing the migration processes in regions, as well as a tool for reducing poverty.

#### **Main problems identified**

- Institutional aspect of the development, management and implementation of sustainable regional projects continue to remain underdeveloped. This indicates the need of new technical assistance projects, to strengthen and amplify the results achieved by local administrations, as well as to identify new funding sources for regional projects.

## ■ Social and employment policy

### Major quarterly developments

In the third quarter of 2014, the government focused its efforts in regulating the labor market mechanisms and in combating negative processes of informal employment. Thus, it was adopted the Law on occasional unskilled activities performed by day laborers, primarily regulating the relations between employers and employees for this category of workers. The respective law clearly establishes the economical areas covered by the regulation, the number of hours and days of the occasional activities carried out by day laborer, payment amount, the registration mode of the day laborers, as well as exemptions from the Labor Code for the employer. Also in this period, the government approved the Nomenclature of works with hard labor conditions, harmful and/or dangerous, which is forbidden to be applied to individuals under the age of 18 and the maximum permissible application rules for individuals under the age of 18 to manual lifting and carrying of weights. These documents are intended to protect the rights and interests of persons under 18 on the labor market by eliminating the worst forms of child labor.

### Impact of actions taken

- Application of the Law on work performed by day laborers will contribute to reduce the informal employment of the labor force, firstly in agriculture. The formalization of labor relations will be possible mainly due to the simplifying management process for such kind of contractors and due to simplified reporting to the competent authorities. Meanwhile, as a result of formalized contractual relations the day laborers will benefit, due to a higher level of social protection and a guaranteed minimum level of remuneration.

### Main problems identified

- The approval of the Law on work performed by day laborers is a step forward in the efforts to diminish the extent of informal relations on the labor market. The expected success will depend mainly of the coordinated and consistent efforts of the inspection authorities, the State Inspectorate of Labor and the financial and fiscal control bodies of the Ministry of Finance. However, the provisions of this act only cover a segment of informal employment, the progress in this area being dependent on several systemic factors such as the relationship between the business environment and public authorities, combating informal employment in other sectors, etc. Thus, without a comprehensive and consistent approach of the matter, it will be difficult to implement the provisions of this law.

## ■ Commercial relations

### Major quarterly developments

During the monitoring period the major progress was the ratification of the Association Agreement and its provisional implementation since September 2014. However, the commercial relations with Russia have worsened, Russia introducing restrictions for a series of Moldovan products, including canned meat products. According to the Russian side, Moldovan products have continued to enter the Russian market by changing the home country of origin on the acts of provenance of the products. In the context of the restrictions imposed by Russia, at the request of the Moldovan authorities, the European partners have doubled the duty-free export quotas established in DCFTA, applied already since August this year. In order to support Moldovan producers, was adopted the Regulation on financial support for the fruits producers, with a total of 138 mil. MDL. Also, the executive has initiated dialogues with external partners (World Bank, EIB, and Poland) to identify investment sources for creating storage infrastructure for fruits and vegetables. It was also proposed to amend

the Regulation on classification of loans, offering the opportunity to commercial banks to restructure the loans given to farmers, and respectively to reduce the financial pressures on them.

In the same period, authorities have established the institution which is to monitor the use of financial assistance offered by Poland, worth EUR 100 mil. It was also signed a Memorandum of Understanding between the Office of Tax and Trade of the US Department of Treasury and the National Vine and Wine Bureau (NVWB) of the Ministry of Agriculture of the Republic of Moldova, which provides the cooperation for promoting the wine exports on the US market. Also, NVWB developed a strategy which seeks to increase wine exports (to 100,000 liters a year) to the US market in the next three years, under the "Wine of Moldova" brand. Additionally, it was initiated the export of domestic grapes in packages that fully meets the European standards, intended for Romania.

### **Impact of the actions taken**

- A special unit will be responsible for monitoring the implementation of the projects financed through the Polish loan. This Unit for the implementation of the assistance credit of the Polish Government was created within the Agency for Intervention and Payments for Agriculture under the Ministry of Agriculture. Among the institution's responsibilities are: ensuring the implementation and monitoring of the funding process for beneficiaries of the lending agreement; providing financial resources through various financial instruments; providing training and consultancy services for businesses, etc.
- The Memorandum signed with the Office of Tax and Trade of the US Department of Treasury can contribute to the consolidation of the partnership for promoting local products on the US market.
- It was doubled the quotas for agricultural products exported to the EU on duty free: apples (from 40 thousand to 80 thousand tons), plums (from 10,000 tons to 20,000 tons), and grapes (from 10,000 tons to 20,000 tons).

### **Main problems identified**

- Applying the principle of "first come, first served", as well as the request of an additional loan from the World Bank to compensate the difference and losses incurred by other categories of producers, indicates that the Regulation adopted by the Executive was not sufficiently comprehensive and consistent. Uncertainties related to the financial assistance for producers affected by the sanctions imposed by Russia generated hostile positions among several associations of producers.
- The DCFTA opportunities are not yet available for several for Moldovan products banned on the Russian market due to the incompatibility with the quality requirements and / or marketing standards on the European market, but also because of the lack of branding at European level.
- Under constant pressure on behalf of Russia, the Moldovan authorities are unable to develop effective, consistent and interconnected mechanisms for minimizing the negative impact on domestic producers and the economy in general.

## **■ The Customs Service**

### **Major quarterly developments**

During the monitoring period was registered a moderate progress in the area of customs service. Were conducted consultations with the representatives of EUBAM, where EUBAM support was appreciated in the simplification of customs clearance and implementation of electronic declaration, but also the contribution for consolidation of institutional capacities of the Customs Service. It was signed an agreement with the Chinese authorities for the delivery and installation of a stationary scanner at the customs post Leușeni-Albita, which

will be operational by the end of 2014. According to the Customs Service, were launched informational measures for the local companies on the application of tax exemptions on goods exported to the EU. Furthermore, according to the executive's decision, starting from September 1, in some customs posts was initiated the piloting procedure of electronic declaration to imports, for a period of 6 months. It also came into force the executive's decision concerning the implementation of simplified customs procedures and respectively on the Authorized economic operator in the Customs Code, which allows the customs service modernization and compliance with European standards.

In the same period, Moldovan and Ukrainian authorities agreed to facilitate Moldovan agricultural exports to Ukraine. Also, the customs services of Romania and Moldova conducted actions to boost the border controls designed to combat the illicit trafficking of tobacco products. Following the evaluation of the Customs Service, was noticed a high level of compliance with the requirements of the WTO Agreement on Trade Facilitation, which refers to the optimization and facilitation of the cross-border trade, as well as the methods and techniques for simplifying the customs clearance.

### **Impact of actions taken**

- The stationary scanner will substantially streamline the freight traffic, the time of scanning of a truck is to be decreased three times (lasting about 3 minutes).
- The electronic declaration on imports allows the facilitation of customs procedures. However, will be reduced the costs, including the costs of parking in the area of customs control, multiplication of documents and payment for customs broker services. Even more, the application of electronic declaration on imports will gradually reduce the need for direct interaction between economic operators and customs officers, minimizing the risks of corruption.
- The executive's decision on detailing the simplification of customs clearance procedures within the Customs Code, but also the way of granting the status of Authorized economic operator (AEO), allows the promotion of voluntary compliance with customs legislation, including the granting of facilities to companies with a high degree of trust. The Authorized economic operators may benefit from a reduced number of customs controls and faster border crossing. Furthermore, the customs procedures for imported/ exported goods will be issued as a priority. Also, the companies will have the possibility to choose the place where to have the control, including at its warehouse, which will reduce the time and costs. Additionally, the Authorized economic operators can take advantage of other indirect benefits such as: recognition as a reliable business partner, strengthen enterprise security and safety, cost reduction. However, the Decision provides a guarantee for the legal framework required for the negotiation with foreign partners of the mechanism for mutual recognition of Authorized economic operators.

### **Main problems identified**

- There is a lack of concrete evidence which would show that the Customs Service informed local business regarding the provisions of the Association Agreement.

## **■ Standards, technical regulations, and conformity assessment procedures (harmonized areas)**

### **Major quarterly developments**

In the third quarter of 2014 have occurred significant evolutions in the field of standardization, where a number of European standards were adopted, simultaneously being canceled the conflicting national

standards, including GOST. During the same period was completed the twinning project for strengthening the capacity of MOLDAC. The European partners have expressed openness for supporting new initiatives dedicated to the accreditation sector, on which depends the efficient functioning of the entire quality infrastructure. Also it was examined the country's readiness level for joining the multilateral agreement of the European Cooperation for Accreditation (EA MLA). More than that, the MOLDAC authorities have informed that on December 18, 2014, will submit an application to become a signatory part for recognition of EA MLA Agreement.

#### **Impact of actions taken**

- The Accession to the EA MLA agreement will increase trust in Moldovan products on the European market and will strengthen the national system for ensuring the quality of the products commercialized on the domestic market. Due to the global market trust on EA MLA, the presence of MOLDAC on the signatories list will facilitate the Moldovan exports. Thus, once the products will be tested or certified by accredited bodies, MOLDAC, as the adherent national body to the EA MLA, will be exempted from retesting to confirm the quality of products placed on foreign markets.

#### **Main problems identified**

- Although the process of adoption of European standards is undergoing, it is difficult to give up to outdated or contradictory standards (GOST). Besides the reluctance of actors participating in quality infrastructure, but also of economic operators, maintaining the old standards is determined by the high costs of European standards implementation.

## **■ Elimination of restrictions and administration optimization (non-harmonized sectors)**

#### **Major quarterly developments**

During the third quarter of 2014, meetings of the working group for regulating entrepreneurial activity took place. During these meetings were debated legislative and normative acts, as well as the impact analysis of these documents that directly or indirectly refer to the entrepreneurial activity.

The visibility of WTO notification and information centers was reduced in this timespan. In the context of temporary implementation of the AA provisions, the given centers are to become an important informational support for economic operators.

#### **Impact of actions taken**

- The working group brings into discussions the main players in the entrepreneurial field, in order to improve the state policy in this area on the basis of vertical consultations.
- At least 5 of the WTO Notification Centers should work, 2 within the Ministry of Economy and by one at MAFI, Ministry of Finance, Ministry of Health and the State Agency for Intellectual Property. Among the responsibilities of the Centers is to notify the WTO Secretariat and partner countries about specific regulations applied by authorities that affect the external trade. They need to ensure the communication with partner countries and the WTO Secretariat for retrieving the changes made by partner countries in the regulations regarding foreign trade. The functions of the centers will be filled with tasks related to the information and notification on the free trade area with the EU.

#### **Main problems identified**

- Although the meeting agenda of the Working Group for regulating the entrepreneurial activity is publicly available on the official website of the Ministry of Economy, it is difficult to assess the impact of the activity, the level and quality of participation of its members. It is recommended to be introduced clear criteria for evaluating the effectiveness of this networking platform.
- The reduced visibility of the WTO notification and information centers might impede the fulfillment of information and notification duties assigned to them within DCFTA.

## ■ Sanitary and phytosanitary issues

### Major quarterly developments

In the third quarter of 2014 was registered a rather moderate progress in the sanitary and phytosanitary field. It was launched the project „ Support to Strengthen Food Safety Sector in Moldova ", financially supported by the United Nations for Food and Agriculture (FAO). It was also approved the plan of action for implementation of the project "Development of ANSA institutional capacity to perform official controls in accordance with the Association Agreement on Free Trade Area", which will start in 2015 with the financial support of Germany. During this period, was signed the "Plan of Action for the development of a communication strategy at European level in the field of veterinary health and food safety".

The Russian authorities have restricted the exports of several types of products (processed meat, cans). Also, starting with October 28, the exports of meat products were suspended on the grounds of non-conformities with the sanitary and veterinary requirements imposed on the Customs Union states market. The decision was taken by the Russian and Belarusian experts, after inspecting several farms and slaughterhouses in the country. Previously, Russia accused the Moldovan side of introducing prohibited goods on the Russian market by using false documentation and/or through other countries (Romania, Belarus).

### Impact of actions taken

- The project supported by FAO aims to strengthen the food safety industry according to international and European standards, achieving an increased level of consumer protection.
- The veterinary Pharmacovigilance guide is important for the holders of registration certificates on veterinary pharmaceutical products, but also for their users. The Guide aims to help applicants and certificate holders to comply with legal requirements on veterinary pharmacovigilance.

### Main problems identified

- In addition to the efforts made for strengthening the quality control capacity for vegetables, special attention is paid to the management of sanitary-veterinary animal products. In this regard, is required to provide infrastructure for testing and certificating products of animal origin, in line with European standards. As a result, the production will become more competitive on the Community market, as well as other foreign markets.
- The Russian authorities' decision is rather political and is part of a series of constraints imposed by Russia against Republic of Moldova for signing and ratifying the AA. However, the problems identified by the Russian side regarding the compliance with the sanitary and veterinary requirements to the meat delivered by rural producers should be seriously examined by the Moldovan authorities. Solving these problems will allow the preparation of this sector to export meat products on the European market.

- The national authorities did not developed the necessary communication tools regarding the requirements that need to be fulfilled by Moldovan exporters in order to facilitate the exports of agricultural products on the European market. Consequently, there are effective imperative communication means that would provide the presentation of the EU legislation in a simplified language, and respectively, accessible to all Moldovan producers, mainly familiarized with the rules and legislation required for exporting to CIS markets.

## ■ The right of establishment and company law

### Major quarterly developments

The Parliament registered the draft law on amending and supplementing the Law no. 1134-XIII of April 2, 1997, on joint stock companies, which is expected to solve the problem shareholders protection. The main amendments proposed aim to raise the level of protection of the shareholders' interests and rights, as well as to adjust the Law on Joint Stock Companies to the new regulations of the Capital Market Law. Also, the respective amendments will contribute to adjusting and streamlining the regulatory framework of the joint stock companies, as well as the simplification of requirements and procedures on corporate issues.

The Executive has approved a draft law on amending and supplementing certain legislative acts, regarding Law no. 220-XVI of October 19, 2007, on state registration of legal entities and individual entrepreneurs, as well as Law. 160 of July 22, 2011, concerning the regulation through authorization of entrepreneurial activity. The amendments proposed in the draft law improve the mechanism for registration of individual entrepreneurs and legal entities, bringing positive changes in the operation mode of PSCs through the establishment of a uniform tariff for business registration. Also, the respective project contains some connections to the European requirements. Namely, in accordance with the requirements of EU Directive 2009/101/EC, are proposed amendments to the Law no. 200-XVI/2007, related to the mandatory publication on the State Registration Chamber website of the information from the State Register on legal entities and individual entrepreneurs, as well as providing free access to information from the Register.

### Impact of actions taken

- Upon the approval and implementing the legislative changes proposed by the executive and legislative, it will be improved the mechanisms of registering a businesses. Also, the improvement of the 'one stop shop' desk system, supplemented by advisory functions for entrepreneurs, will raise essentially the quality of services offered by the relevant authorities, as well as it will minimize the risk of corruption. At the same time, publishing the information regarding economic operators on the State Registration Chamber website, will increase the institutional transparency of the respective body. Finally, the changes in the regulation of rights and interests of shareholders and corporate governance mechanisms will have a positive impact on the quality of the business environment in Republic of Moldova.

### Main problems identified

- The main international indices quantifying the progress dynamics, including the Doing Business Report developed by the World Bank, shows that our partners in the region are better positioned or are going on with more accelerated steps into implementing reforms in the investment protection field. Also, blockages and corporate scandals within the administrative councils of leading companies, primarily in the banking system, highlight the imperfect regulatory framework of corporate activities in Republic of Moldova.



## ■ Competition policy

### Major quarterly developments

At the beginning of the third quarter of 2014, the Competition Council launched the State Aid Register, which became fully operational in September. Thus, based on this informational system will be centralized the storage, processing and analysis on all state aid measures, funding providers and its beneficiaries, as well as the sectorial statistics on allocated assistance.

### Impact of actions taken

- The centralization and automation of informational resources related to state aid will facilitate the transparency of the assistance allocation process, and will streamline the distribution of state resources to priority sectors. Also, among the expected effects of this informational system is to be minimized the negative impact of the state assistance on the economical competitive environment.

### Main problems identified

- The process of state aid allocation remains to be nontransparent due to the endemic corruption in the public sector. This situation leads to an inefficient allocation of limited public resources and distortion of environmental competition in the country.

## ■ Statistics

### Major quarterly developments

Among the main actions taken by the National Bureau of Statistics in the monitored quarter was the testing of the E-reporting system to a four monthly statistical questionnaire. After testing the system, all statistics respondents can send their reports exclusively through this service. In order to maximize its utility for economic agents and institutions receiving statistical data, the E-reporting system was integrated on [www.raportare.md](http://www.raportare.md) portal, where is possible to submit electronic reports for the National Health Insurance Company and the National Social Insurance.

### Impact of actions taken

- The implementation of electronic reporting mechanisms will have a positive impact both on economic operators, as well as the NBS. Thus, the electronic reporting reduces the costs of processing, verification and statistical data transmission for all actors involved in the process. Accordingly, this mechanism will contribute to the business environment improvement.

### Main problems identified

- Despite the progress achieved by the digitization of the statistical reporting mechanism, there is still much to be done for completing the respective process. Considering the importance of statistics for economic planning and at the same time the reporting process costs for economic agents, it is imperative to accelerate the process of transition to electronic reporting in all the possible economic branches.

## ■ Industrial Policy

### Major quarterly developments

During the third quarter of 2014 a set of measures with a medium-term impact on the industrial sector of Republic of Moldova were taken. Namely, our country has signed with EU the agreement on participation in the EU program for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) for the 2014-2020 period, being the first Eastern Partnership country that joined this program. The participation in COSME opens wide cooperative opportunities for the Moldovan SMEs within the European Network of Enterprises. Another important event for the industrial sector was the fact that the Ministry of Economy started receiving funding requests for the modernization of the production equipment. This type of financing is granted to SMEs in the framework of Support and development of the SME sector Program for promoting the efforts of economical structural changes, and is financed from the Japanese Grant Partner Fund - Tranche I-IV. Through this program, the entrepreneurs will be able to purchase leased production equipment with a set of fiscal incentives.

### Impact of actions taken

- Signing the Association Agreement give possibility to local economic agents to join a set of community institutions, the first of which is COSME. These institutions offer vast opportunities for collaboration and cooperation with EU economic operators, knowledge transfer, access to new markets and not least, assistance for competitiveness development. In the greatest extent, the participation in these organizations will enhance country's SME sector.
- The Japanese financial assistance to SMEs in the industrial sector will contribute significantly to the structural adjustment of the national economy. Also, granting financial assistance to such enterprises will stimulate business opportunities in the industrial sector.

### Main problems identified

- Although in the last period have been opened various opportunities for technical assistance, financial and international cooperation for local businesses, the dynamic of the structural changes in Moldova goes extremely slow. In addition to the assistance provided, is critical to further promote structural reforms for improving the business climate for both foreign and local investors.

## ■ Public Health

### Major quarterly developments

During the monitoring period, the Ministry of Health initiated a set of measures to strengthen and improve the public health system in Moldova. Among the main initiatives should be mentioned the government's approval of the National Program for Prevention and Control of HIV / AIDS and STIs for the 2014-2015 period. This program was developed in accordance with the legislation in force, but also taking into account the recommendations of international organizations, including United Nations Program on HIV / AIDS and World Health Organization. The development of the program and the inclusion of the amendments proposed by national and international experts, will allow Moldova to apply to the Global Fund for supporting national HIV response during the transition period to a new model of sectorial funding. Another important document approved by the executive was the National Program on food and nutrition for the 2014-2020 and the Plan of Action for the 2014-2016, on the implementation of the National Program. This document transposes the provisions of the Acquis Communautaire in our country, namely the White Paper on European strategy on nutrition, overweight and obesity and other related health issues. The ultimate goal of the National Program is

to establish until the end of the decade a functional and efficient national surveillance, monitoring and assessing system in the health nutrition area and nutritional status.

#### **Impact of actions taken**

- The implementation of the National Program for Prevention and Control of HIV / AIDS will enable the sectorial funding not only from the budgetary resources but also the access to international organizations' financial resources. Also, the new program will strengthen the efforts to combat and prevent this disease at national level, including the eastern districts of the Republic of Moldova, which are most seriously affected.
- The implementation of the provisions of the National Program in the field of food and nutrition will contribute to create an integrated system at national level for surveillance, monitoring and evaluation of nutritional health. Also, the specified document will help reducing the diseases caused by precarious nutrition, overweight and obesity.

#### **Main problems identified**

- The issue of the diseases caused by inadequate alimentation remains an important one for the Moldovan population, where prevails the alimentation patterns characteristic for poor countries. Also, the current system responsible for nutritional health is fragmented and dependent of foreign donations, and the majority of the monitoring indicators cannot be sufficiently disaggregated for the assessment of their dynamics and analyze the problems related to inequality.

## **■ Financial Services**

#### **Major quarterly developments**

The Government assumed responsibility for the Law on the pledge, as well as other laws containing related provisions. The approved amendments aim to facilitate the access to credits by reviewing regulations regarding securities. Thus, adjusting the current legal framework will extend the circle of goods which may be the subject of mobiliar guarantees. Also, it is expected to be improved the protection of the interests of both lenders and debtors, establishing a balance between their interests, and it will be facilitated the recovery of secured loans.

#### **Impact of actions taken**

- The mentioned legislative changes will contribute to broadening the range of tools used as pledge for lenders. First, the economic agents will be able to use on a larger scale the mobiliar values as pledge for contracting loans from banks. From these legislative amendments will benefit the micro, small and medium enterprises, which do not owe any property to get secured loans. Thus, the implementation of changes initiated by the government will facilitate local companies' access to funding.

#### **Main problems identified**

- Although Republic of Moldova has registered the most spectacular progress on "access to funding" in Doing Business 2015, raising 76 points in comparison with 2014, there are more to be improved in the respective field. Thus, Moldova remains behind its partners in the region on such chapters as credit history infrastructure development, the number of population and economic records covered by the

registries of private or public lending bureaus, as well as the public availability of this type of information.

## ■ Financial control and related aspects

### Major quarterly developments

In the third quarter, the Court of Accounts presented a set of audit reports on the use and management of public funds. Namely, during the reporting period was examined the audit results of the Health Unit of the Chisinau Municipal Council, the Central Fiscal Inspectorate, the local authorities of Telenești district, as well as the Customs Service. The conducted inspections revealed a number of irregularities and deficiencies, being proposed a set of recommendations. The monitored institutions will report to the supervisory body, within six months, about the progress in implementing the recommendations made by the Court of Accounts.

### Impact of actions taken

- The inspections conducted by the Court of Accounts contribute to more efficient public spending. Also, the detected irregularities constrain corruption and non-compliance, ensuring more institutional transparency.

### Main problems identified

- A persistent problem of the relations between the Court of Accounts and the monitored institutions is the non-compliance to the recommendations made after inspections. Without a drastic improvement in the quality of the justice institutional framework it will be practically impossible to change the ingrained tendencies.

## ■ Circulation of capital and current payments

### Major quarterly developments

The National Bank drafted a Regulation on National Bank's monetary market operations. The purpose of the new regulation is the gradual adjustment to the European Central Bank standards related to the monetary market operations, as well as facilitating the implementation of the single trading platform provided by Bloomberg Finance L.P. The specified Regulation establishes the tools used by BNM to conduct market operations, establishes the eligible participants for the participation in market operations, and establishes the requirements for participants. Another important event for the capital market was the Executive's approval of the draft law on ratification the Convention between Moldova and Malta for the avoidance of double taxation on income tax. This Convention establishes the tax rates retained at the source of payment for economic operators of both countries, on each type of tax.

### Impact of actions taken

- The approval of the Regulation on monetary market operations will facilitate the process of gradual adjustment to the standards of the European Central Bank on monetary policy instruments and procedures. The connection to the community standards will help BNM in price stabilization.
- The signing of the bilateral agreement between Moldova and Malta will boost bilateral economic relations, will create equal tax conditions for the economic operators of both countries, and will facilitate fiscal authorities' cooperation in combating tax evasion.

### Main problems identified

- Despite the efforts to improve the regulatory framework and institutional quality of BNM, the banking sector remains susceptible to the judicial system deficiencies.

## ■ Movement of persons, including movement of workers, and coordination of social security policies

### Major quarterly developments

During the monitoring period were registered minor progresses. Thus, the Moldovan authorities have signed the Social Security Agreement with Lithuania. According to this agreement, the signatory states shall pay the calculated part of pension for the period of work carried out on its territory and transfer it to persons in countries in which they reside.

### Impact of actions taken

- The Social Security Agreement provides social and economic rights protection of Moldovan migrants. Its provisions apply to people who pay or have paid previously social insurance contributions, according to the legislation of both or one of the States party of the Agreement. Therefore, each Contracting State shall pay part of the pension calculated for the period of activity within its territory. Such agreements may contribute to the welfare of future retirees among current immigrants, thus being protected the social and economic rights of Moldovan citizens who are working in the countries concerned.

### Main problems identified

- Social security agreements have yet to be signed with other European countries. Among the countries with highest number of Moldovan migrants is Italy, Greece and Spain.

## ■ Intellectual and industrial property rights

### Major quarterly developments

During the monitoring period, no significant progress has been registered in the field of intellectual and industrial property. In order to promote the protection system of geographical indications (GIs), the State Intellectual Property Agency (AGEPI) conducted informational seminars for local producers (gooseberries farmers). In the same period, AGEPI requested support from the International Intellectual Property Organization (WIPO) for restructuring the national system of GI. Also, the authorities presented a series of local agricultural products that can be promoted on the European market through the GI, such as walnuts, plums, berries, honey etc. Additionally, the Law no. 114 regarding AGEPI, adopted on July 3, 2014 entered into force. The law contains rules on intellectual property and intellectual property objects.

### Impact of actions taken

- The GI use can be an effective way to promote Moldovan agricultural products on the European and outlet markets. This confirms the quality and originality of the products. More than that, GI products are usually sold at higher prices.

### Main problems identified

- The number of requests to register in GIs and DO is extremely small, currently being registered 2 DO (Ciumai and Romanian), 3 GIs for wines (Valul lui Traian, Codri, Ștefan Vodă) and one for brandy

(Divin). In comparison with Moldova, Georgia recorded 30 GIs and DO, while at EU level there are 3400 GIs.

- Trainings on the intellectual property are necessary for the business community in order to increase their interest towards intellectual property.

## ■ Transport

### Major quarterly developments

In the third quarter of 2014 were registered more progresses in the transport sector. Thus, the first mixed gauge rail terminal for liquids was opened in Giurgiulesti International Free Port, within a project financially supported by the EBRD. According to authorities, this infrastructure project creates new opportunities for export-import operations with EU countries, inclusively through railway transport.

Starting with September 2014 it came into force the Executive's decision on introduction the yellow number plates for passenger transport. Their implementation results from the European experience aiming to warn traffic participants and passengers, and to increase the accountability of drivers carrying passengers. This measure will also counter illicit transport.

The authorities have initiated negotiations regarding an investment loan worth EURO 100 million from the EBRD and EIB to modernize country's railway network (infrastructure, communications and rolling stock). In the same context was completed the contest for the position of Director of "Railway" State Enterprise. As a result, for the position was appointed the former head of the bread producer "Franzeluța" - Eugeniu Baleca, accused in 2011 for financial damages at Franzeluta amounted to millions of lei.

In the same period, was performed the first transshipment of grains by river (Prut river). However, the Moldovan authorities signed a memorandum with the Romanian side for cooperation in the construction of roads and bridges in the region of the Prut River.

### Impact of actions taken

- The mixed-gauge railway terminal, including the European gauge, enables the import of fuel from Romania while providing a connection between Moldova and other European countries.
- The license plates with a yellow background issued for "passenger transportation" provides a tighter control of movement on national roads. This also requires checks of the technical inspection, and simplifies the identification of persons practicing illegal activity of passenger transportation.
- The use of Prut river for products transportation activities contributes to import-export operations, particularly in terms of logistics, but also reduces essentially the transportation costs. Generally, the development of navigation capacity on the Prut river creates various economic benefits and contributes to regional development, particularly in the southern regions of Moldova.

### Main problems identified

- Only 1/3 of the total number of drivers complied with the introduction of yellow license plates for in passenger transportation, even though they were given 6 months to do so. A monitoring mechanism must be established for this type of transport, so that would be easier to inspect the technical condition of the transport units, drivers' name and experience, applied tariffs, etc.

- So far, the economic opportunities generated by transportation activities on the Prut river are reduced. The further development of Prut river economic potential depends on how will be planned and implemented the navigation operations, as well as the full cleaning of the river.
- The selection process for the new director of the "Railway" State Enterprise was not transparent. In order to ensure a fair competition it is assumed that in the final stage at least two candidates must compete. More than that, in order to promote good governance of public goods, is inadmissible to promote to management positions of state enterprises people that have previously prejudiced the state.

## ■ Informational Society

### Major quarterly developments

In the third quarter of 2014, a significant progress was registered in the monitored sector. Authorities have conducted campaigns to promote cashless payments and payments through the Mpay system. A series of electronic applications were launched, aiming at more efficient and transparent public services. Thus, people have received access to the E-Traffic application available for Android and iOS platforms. The application is useful for receiving notifications on traffic violations captured by surveillance cameras. Also, this service was connected to MPay, which makes possible the payment of fines directly from your mobile phone. Additionally, it was proposed for public consultation the Government's draft decision "on the Government's Notification Service (MNotify)". The given application allows users to be notified about the changes introduced by authorities in providing certain services. Also, during this period was launched the e-Visa service. It was initiated the digitization of cadastral archive fund, which provides 20 million digitized cadastral documents and plans to be started the development of an informational system for the management of digitized documents.

For the effective implementation of the Automated Information System "State Register of Controls" (CSR), the Center for Electronic Governance and the State Chancellery organized a series of straining sessions. It was also approved the decision on governmental logging/journaling service MLog. This is a centralized service that provides a secure and flexible mechanism for logging and auditing, providing bookkeeping operations. During the monitoring period, the authorities have adopted plans for conducting trainings on the use of "e-Factura" for the central public authorities and for the institutions subordinated to them.

### Impact of actions taken

- One month after the launch of the e-Visa service 70 online visas were processed. This service substantially facilitates the obtaining of visas due to: reduced time for requesting and receiving a visa; reduced the manual data processing at the consular offices; reduced the time needed for file review; one can obtain visa by email.

### Main problems identified

- The E- Traffic service can send notifications, only if a user is subscribed to the notification mode. Thereby, the violations committed before subscription to the application cannot be visualized. This excludes the possibility of viewing the infringements history committed by the user.
- The electronic platform of the State Register of Controls requires further significant improvements and standardization of the information available in three languages. The platform should include information also accessible for the general public.

## ■ Public procurement

### Major quarterly developments

During the monitoring period, minor developments were recorded in the public acquisitions field. The Ministry of Finance applied modifications to the Order Nr. 103 of 03.09.2012 on the launch of the Automated Informational System "State Register of public procurement" (AIS SRPP). As a result, was extended the list of contracting authorities which will use public procurement procedures exclusively through AIS SRPP. The Public Procurement Agency has conducted a series of trainings for a more efficient implementation of the Public Procurement State Register. There were reported problems related to the acquisition of solid fuel for heating the educational institutions. In this situation can be highlighted at least two problems: (a) the lack of effective planning of the procurement process by some contracting authorities; and (b) delays in the submission process of procurement contracts.

### Impact of actions taken

- AIS SRPP represents an electronic tool that facilitates the public procurement process, ensuring a high level of transparency and publicity of the public procurement results.

### Main problems identified

- In the public procurement field still persist legal transparency issues related to: (i) sporadic publication of public procurement; (ii) minimum public access to information on the procurement process (in a plain language); (iii) the lack of access to reporting documents (post-acquisition stage); (iv) inadequate performance of the contracts.

## ■ Taxation

### Major quarterly developments

In the third quarter of 2014, the executive has assumed political responsibility for a set of laws, including the Law on amending and supplementing the State Budget Law for 2014. The rectification of the budget was explained by the necessity of paying compensations to the producers affected by the trade restrictions imposed by Russia. More than that, from the same set of laws is the law on the announcement of 'fiscal holidays' until November 30, 2014 for the producers and processors of fruits and vegetables affected by export ban on the Russian market. Therefore, they will not be penalized for not paying premiums for compulsory health insurance; non-payment, late payment or partial payment of premiums for compulsory health insurance in the period up to November 30, 2014. It also took place the first round of negotiations on the Agreement between Republic of Moldova and Georgia for the avoidance of double taxation and prevention of fiscal evasion, concerning the taxes on income and capital.

### Impact of actions taken

- Such an agreement with Georgia could create opportunities for the development and intensification of bilateral economic relations. The purpose of the agreement is to eliminate the double taxation of income and capital of the citizens and economic operators of both countries. This agreement also provides for the attraction of foreign investments, as well as for enhancing the cooperation between the fiscal authorities on combating the fiscal evasion at international level.

### Main problems identified



- Conventions on the avoidance of double taxation and prevention of fiscal evasion have not been signed with all EU Member States, which creates obstacles in the process of attracting foreign investments from Europe.