

# **EUROMONITOR:**

# **ACHIEVEMENTS AND CHALLENGES IN IMPLEMENTING THE EU-RM ASSOCIATION AGREEMENT**

(August - December 2015)

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## Executive summary

This EUROMONITOR Report - *First achievements and difficulties in implementing the EU-Moldova Association Agreement* presents the monitoring results of the EU-Moldova Association Agreement implementation during July - December 2015. The Association for Participatory Democracy ADEPT and Expert-Grup Independent Think-Tank conducted the monitoring, which covered the analysis of commitments achieved by the Moldovan authorities under the National Action Plan for the implementation of the Moldova – EU Association Agreement for the period 2014-2016 (NPAA).

Monitoring implementation of the Association Agreement covered concrete commitments undertaken by national authorities in 23 policy areas, of which 15 areas are related to economic and sectorial cooperation, and 10 areas – to the Deep and Comprehensive Free Trade Area (DCFTA).

We hereby present the synthesis of developments identified within the monitored period, covering progress achieved including backlogs and issues identified in this period of implementation of the Association Agreement. Experts have examined 731 actions planned for implementation during 2014-2016 under the NPAA. 21% of the planned actions have been completed, 19% have not been implemented, and 60% are ongoing.

Under the **political component**, experts have monitored 324 actions, 175 (54%) of which are actions that have performance indicators, and, thus, it is possible to measure their degree of achievement. However, this is not the case for the other half of the actions - 149, which are vague and whose implementation degree is difficult to be measured. Only about 17% of the actions planned in NPAA's political headlines have been achieved or partially achieved. Other 10% of the actions were not implemented. The remaining 73% of actions are currently in the process of implementation.

Under the **economic component**, experts have monitored 407 actions. Over a third of the actions (35%) are under implementation, which reflects the vagueness of many of them. This further complicates the monitoring process and undermines the accountability of authorities in implementing the undertaken actions. A large share of the actions include the unrealized ones (29%) and partially realized (11%), which reflects the repercussion of political instability and of the financial constraints from the international institutions. On the background of internal and external challenges, only 24% of the planned actions were classified as accomplished in the monitored period. This shall represent a major worrying signal, both for national authorities and for European structures, and also suggests the necessity to fasten de efforts towards implementation of the Association Agreement. Therefore, we can assess the implementation of the Association Agreement as a modest one for the monitored period.

**Main achievements** include a preliminary unfreeze of discussions with the Transnistrian authorities on implementation of the Association Agreement, launching important *twinning* projects in the financial sector, simplification of customs procedures and partial inclusion into the national legislation of the Energy Package III provisions.

However, these accomplishments were overshadowed by some **major setbacks**. In particular, we can mention the perpetuation of political tensions, the uncertainty related to signing a memorandum with the IMF and the freeze of foreign aid, delays in implementing inclusive reforms in the financial-banking sector (particularly in terms of banks' corporate governance, fortification of NBM independence and of its regulation instruments, better instruments in crisis prevention and money laundering), the failure to appoint a new NBM governor and the inefficient inter- and intra-institutional communication between the public institutions on implementing the most vital reforms.

Here the main accomplishments and failures in implementing the Association Agenda.

#### **Main achievements on implementing the NPAA:**

- Law no. 137 of 03.07.2015 regarding mediation (the law entered in force on 21.08.2015, excepting some provisions).
- Produced a feasibility study on the need to adjust national legislation to the Agreement on Privileges and Immunities of the International Criminal Court. This action may not have any impact if it does not stand as a basis for an eventual draft law in this sense.
- Started the implementation of the mechanism for verifying the lifestyle of NAC employees, but without improving the legal norms regulating this area.
- Law no. 180 of 22.10.2015 correlated to NAC activity - this anti-corruption agency being returned under Parliamentary supervision. With this institutional transfer, authorities claim to increase NAC's independence.
- Created the automated system for collecting statistical data to prevent and combat human trafficking.
- Developed the National Action Plan on preventing and combating school dropout and absenteeism.
- The Ministry of Foreign Affairs and European Integration offered public access to the portal dedicated to NPAA monitoring<sup>1</sup>, which allows viewing the actions taken by the public authorities to implement NPAA.
- Adopted on 23.12.2015 the Central Election Commission Regulation on the political parties financing.
- Adopted the Government disposition No.132 on selecting candidates from the Government for a judge position at the Constitutional Court.
- Adopted the Law on Moldova's participation in international missions and operations.
- Finalized negotiations on the Financing Agreement between Moldovan Government and World Bank, related to implementing the project "improving local roads" (USD 80 Million).
- The authorities announced implementation of the DCFTA throughout the country, including in the Transnistrian region, as it at the end of December 2015, by the decision of the Moldova-UE Association Council from 18 December 2015.
- Increasing the number of electronic customs' declarations (for November 2015 – 63,55%)
- Adopting the Law on energy and Law on natural gas. Both of them are in a new version, adopting in the national legislation of the Energy Package III.

#### **Failures in implementing NPAA:**

- Failure to implement actions related to the harmonization of national legislation with international standards in respect to prevention and combating money laundering.
- Failure to draft legislation needed to implement the reform of the prosecution and the National Integrity Commission.
- Failure to draft the scheduled legislation and no implementation of the actions related to the work of the National Integrity Commission (actions related to the National Integrity Commission Reform).
- It was not developed rules of conduct and integrity for the law enforcement institutions nationwide.

- It was not elected the Ombudsman for Children's Rights, the appointment of the previous candidate being qualified unconstitutional by the Constitutional Court on the grounds that it did not meet all the eligibility conditions.
- Increased the number of trafficking offenses compared with 2014, particularly in child trafficking and illegal migration.
- It was not produced the inter-institutional agreement for the effective implementation of the legal framework on foreigners integration.
- Delayed reforms in the financial-banking sector.
- Failure to elect the Governor of the National Bank of Moldova.
- Deteriorating the financial situation at the MoldATSA state company, responsible for directing the aircrafts overflying the Moldovan airspace, a condition that high endangers the air traffic in Moldova.
- Lack of progress in terms of complying the animal production with the food safety criteria on the European market, except eggs (egg powder), honey and caviar.
- Failure to approve in a timely manner several policy documents. Ministry of Labour failed to finalize the process of developing the Strategy for labour occupation and the evaluation study of the previous strategy, which expired in 2015. Another important document that was not adopted is the Plan of developing the State Fiscal Service for 2016-2020.
- There were set of shortcomings in the energy sector. The national action plan in the field of energy efficiency 2016-2018 was not drafted nor adopted. In addition, the draft law on promoting energy from renewable sources, which transposes the Directive 2009/28/CE, was voted by the Parliament only in the first lecture. In fact, it was planned to be voted in both lectures at the end of Q3-2015. Moreover, there are delays in adopting into the national legislation of a broad set European directives and regulations in the energy field. Cumulatively there are delays in 11 of the related documents, and most of them are yet to be developed.
- Failure to adopt in the final reading of the Post Law aligned to the Directive 97/67/CE regarding common rules for developing the EU's internal market of postal services and improving the service quality. Therefore, the adoption of this law is postponed for 2016. This has caused a chain of subsequent failures to adopt rules related to provision of postal service, which can be only be adopted if this Law would entry into force.
- Despite the feasibility study that has been presented and a set of Laws that were developed related to creating the 112 Single Service, the latter was not operating at the end of 2015.

For the abovementioned reasons, the Association agenda shall be intensified through **urgent and consistent actions** that involve a high level of coordination between the main relevant public institutions. In particular:

- Restoring the trust of key-institutions towards the society, through: increased transparency, de facto increase of civil society's participation in the public consultation process, promoting meritocracy within the public institutions and their *de-politicization*.
- Adopting and promoting a complex roadmap for consolidating the banking sector, by strengthening the independence of NBM, improving the banking supervision instruments, improving the corporate governance in banks and NBM, increasing transparency on the final beneficiaries of banks' shares, *de-offshorization* of the banking sector and last, but not least, improving the accountability of the bank executives.
- Promoting the integration of Transnistrian region in the process of Association Agreement's basic implementation, particularly in terms of verification and compliance with the rules of origin, customs procedures and quality standards.

# Introduction

Moldova's Association Agreement<sup>1</sup> and the Association Agenda<sup>2</sup> are the basic documents governing the entire spectrum of relations between Moldova and the European Union. On October 7, 2014, the Government adopted Decision no. 808 on approval of the National Action Plan for the implementation of the Moldova-EU Association Agreement (NPAA) for years 2014-2016<sup>3</sup>. According to that decision:

- Ministries and other central government authorities shall undertake, according to their competence, the measures needed to implement, entirely and within the deadlines, the actions included in the NPAA; they shall also submit quarterly reports to the Ministry of Foreign Affairs and European Integration (MAEIE);
- The Ministry of Economy has been given the task to coordinate the fulfillment of the commitments that derive from Title V of the AA, referring to the creation of the Deep and Comprehensive Free Trade Area (DCFTA), and to submit to the MAEIE quarterly reports on the implementation of actions provided under the NPAA;
- Supervision over NPAA implementation was set as a task of the MAEIE, which shall submit to the Government NPAA implementation reports on July 15 and December 15 of every reporting year.

The AA covers practically all aspects of domestic and international socio-economic and political life, so it is logical to presume that the NPAA should serve as an integral plan of actions for the implementation of the new and old programs and strategies in all areas covered under the AA. In this sense, national law approximation plans should only further define, whenever necessary, the provisions of the NPAA. Also, new Government programs and amendments to them should be drafted in consideration of the NPAA, with the exception of very specific areas for the development of Moldova, which are not expressly provided under the NPAA. On October 12, 2015, the Government reviewed the NPAA, improving it, but the previously established shortcomings remained the same:

- General and confusing wording of commitments, which sound more like objectives than actions;
- Assumption of commitments that are in fact the authorities' basic institutional obligations;
- Assumption of commitments that do not qualify as strategically important actions, since they are inherent for monitoring policy papers;
- Lack of clear consistency between the Association Agenda implementation measures and priority;
- Lack of clear separation of specialized institutions' implementation responsibilities;
- Lack of clear prioritization of actions for achievement of relevant objectives of the Association Agreement;
- Unannounced revision of the NPAA implementation deadlines.

Cooperation between governmental and non-governmental institutions should begin with methodological clarifications, so that monitoring results could be clear and credible. The list of things that still need to be clarified has not changed, and it refers to:

- The need to delimitate AA goals and objectives from actions and to clearly specify them in the NPAA. Thus, the measures stipulated in the NPAA, such as "efforts for: ensuring compliance with

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<sup>1</sup> <http://www.mfa.gov.md/img/docs/Acordul-de-Asociere-RM-UE.pdf>

<sup>2</sup> <http://infoeuropa.md/ue-privind-rm/agenda-de-asociere-dintre-uniunea-europeana-si-republica-moldova/>

<sup>3</sup> <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=354939>



certain obligations; intensifying efforts to achieve objectives; development, improvement and strengthening of certain institutions or phenomena, etc.,” should involve concrete actions, quantifiable and measurable, which shall be taken in order to achieve those objectives;

- The need to identify criteria for assessing the impact of the implemented measures and actions. It is important because there are clear examples that some areas that are very sensitive for the modernization of Moldova, such as justice sector reform and combating corruption, after years of efforts show very little progress or even regress;
- Financial coverage for actions and efforts in order to achieve goals and objectives. Given that Moldova’s strategic goal is identified in the government program itself – European integration, – implementation of the NPAA by public institutions is a current activity that is presumably covered from budget funds. Therefore, it is necessary to explicitly indicate the need to attract extra-budget funds for the implementation of very specific actions, which is impossible with usual financial efforts;
- Time limits for implementing actions and reaching goals and objectives under the AA. These time limits are important for tracking achievements, for the implementation capacity of responsible authorities, and for public debate on impact assessments.

The text of the report refers to the most important achievements and failures of the public authorities responsible for NPAA implementation. The authors express sincere thanks to the public authorities that answered our requests for information on NPAA implementation in their areas of responsibility.

# Monitoring of political components

## Police reform, crime prevention and combating organized crime

**Monitored: 27 actions (19 – measurable, 8 – non-measurable), 4 of which were not realized by the deadline, 23 – ongoing.**

### ***Key achievements:***

- Media coverage and public information about the risks (consequences) of drug use and illegal drug trafficking have intensified. Methadone substitution treatment offices have been created as part of district hospitals in Cahul, Comrat, Edinet, Soroca, Ungheni. By the end of 2015, 10,950 drug users were under medical supervision, 1,025 persons affected by drug addiction were involved in prevention and treatment programs (77 of which received inpatient hospital treatment).
- Actions were taken in order to implement the provisions of the National Strategy for Preventing and Combating Money Laundering and Terrorism Financing for 2013-2017 and of the Action Plan for its implementation.<sup>4</sup> This policy paper has been implemented in the proportion of 70%. At the moment, the National Anticorruption Center's Service for Preventing and Combating Money Laundering has 45 memoranda signed with similar services in other countries. The information exchange with financial information services from other countries grew with 26%. The most important achievement has been the start of the national evaluation of risks related to money laundering and terrorism financing.

### ***Key challenges:***

- None of the actions that reached their deadlines has been realized. We are referring to the actions related to: definition of the cooperation methods necessary for drug use prevention and for combating drug trafficking<sup>5</sup>; transposition into the national law of the Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; transposition into the national law of the Directive 2006/70/EC laying down implementing measures for Directive 2005/60/EC as regards the definition of politically exposed person and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis; harmonizing the legal framework for regulating cooperation with similar institutions in other countries in the area of AML/CFT, in line with international standards.
- Given the essential number of consumers of psychoactive substances, anti-drug actions shall be one of the important priorities in authorities' work.
- In the context of the crisis in the banking system, we reiterate the need for a fundamental analysis of the shortcomings of the national mechanism for preventing and combating money laundering.

## Cooperation with the International Criminal Court

**Monitored: 6 actions (5 – measurable, 1 – non-measurable), of which 1 – implemented, 5 – ongoing.**

### ***Key achievements:***

- A feasibility study has been produced on the need to adjust the national legislation to the Agreement on the Privileges and Immunities of the International Criminal Court.

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<sup>4</sup> Policy papers approved by Law no. 130 of June 06, 2013.

<sup>5</sup> No joint plans have been developed so far in terms of cooperation between the structures involved in combating drug supply.

### **Key challenges:**

- There are currently no delays. The implementation of the 5 ongoing actions is to be ensured.

## **Justice sector reform**

**Monitored: 9 actions (8 – measurable, 1 – non-measurable), of which 3 reached the deadline and implemented, 6 – ongoing.**

### **Key achievements:**

- The justice sector reform has been guided by the Justice Sector Reform Strategy for 2011-2016<sup>6</sup>, and by the Action Plan for its implementation<sup>7</sup>. According to authorities, as of November 06, 2015, the share of implemented actions in total actions planned was 69%.
- Law no. 137 on mediation was adopted on July 03, 2015 (it entered into force, with the exception of some provisions, on August 21, 2015).
- There has been some progress in the standardization of justice sector actors' codes of ethics<sup>8</sup>. The Code of ethics and professional conduct of judges<sup>9</sup> and the Code of ethics and professional conduct of prosecutors<sup>10</sup> have been approved.

### **Key challenges:**

- Considering the deadlines set in the Justice Sector Reform Strategy, several actions have been overdue, including the reform of the National Institute of Justice; efficient functioning of the judicial police (its transfer under the Ministry of Justice); construction of the Palace of Justice; optimization of court map.
- A chronically overdue action, including in the context of the monitored document, has been the failure to adopt draft regulatory documents needed to implement the Prosecution Reform.<sup>11</sup> Strengthening the professionalism and independence of prosecution is an important strategic direction of the 2<sup>nd</sup> pillar of the Justice Sector Reform Strategy, which was to be addressed by means of: reviewing the procedure of appointment and dismissal of the Prosecutor General and establishing clear, transparent and objective criteria for selection of candidates for this position; establishing clear, transparent, objective and merit-based criteria and procedure for selection, appointment, transfer and promotion of prosecutors; strengthening capacities and ensuring the independence of the Superior Council of Prosecutors to efficiently manage prosecution; clearly defining the competences of prosecution bodies; specializing prosecutors in specific cases and examining the possibility for the operation of specialized prosecution offices; examining the staff needs of prosecution bodies and developing proposals for optimization of the number of prosecution offices and support personnel; reviewing the prosecution funding mechanism; demilitarizing prosecution, including by examining the appropriateness of granting to prosecutors the status of magistrates; establishing a mechanism to exclude the possibility for hierarchically superior prosecutors to give illegal indications to subordinate prosecutors and to ensure the internal independence of all prosecutors; reviewing the rules on prosecutors' liability and abolishing their general immunity.
- There have also been overdue actions in the part concerning reform of the National Integrity Commission.<sup>12</sup>

<sup>6</sup> Policy paper approved by Law no. 231 of November 25, 2011.

<sup>7</sup> Policy paper approved by Parliament Decision no. 6 of February 16, 2012.

<sup>8</sup> It was also intended to uniform (detail) the ethical standards applicable to prosecution employees and to unions of professions related to the justice system.

<sup>9</sup> Decision of the General Meeting of Judges no. 8 of September 11, 2015.

<sup>10</sup> Decision of the Superior Council of Prosecutors no. 12-173/15 of July 30, 2015.

<sup>11</sup> Relevant constitutional provisions have not been reviewed, and the draft law on prosecution has not been adopted.

<sup>12</sup> The 3 drafts developed for the implementation of this objective were rejected by the Government on June 16, 2015.

## Combating corruption

**Monitored: 21 actions (15 – measurable, 6 – non-measurable), of which 10 – due (3 – implemented, 7 – not implemented) and 11 ongoing.**

### **Key achievements:**

- The Action Plan for 2014-2015 on implementation of the National Anticorruption Strategy for 2011-2015 reached its deadline<sup>13</sup>. The policy paper included 93 concrete actions: 48 were to be implemented in 2014; 23 – in 2015; 22 – annual/permanent. In 2015, 42 actions were to be implemented, including 22 actions for permanent implementation. According to authorities, in 2014-2015, 60% of the planned actions were successfully implemented, 2% are considered overdue, 2% became inappropriate/obsolete, 23% are ongoing, and 11% were due at the end of 2015.
- In 2015, a total of 1,821 criminal cases were managed by the criminal investigation body of the National Anticorruption Center (NAC). 961 cases were retained for procedure, including 655 cases initiated by NAC investigators, 301 cases that came from other authorities due to competence, 35 cases that were returned for further procedure. Out of 655 criminal cases initiated by NAC investigators, 462 are cases on the facts of corruption and related to corruption, 71 – economic and financial, 122 – other types. Among the criminal cases initiated by NAC investigators, the areas (sectors) the most affected by corruption and related phenomena are: law enforcement – 84, local government and decentralized services – 28, health – 33, education – 17. In 2015, NAC investigators finalized 662 criminal cases, including 255 cases against 348 persons were sent to court (law enforcement – 53, health – 26, central and local government – 22, education – 13). In the remaining cases (407 of 662) prosecution was discontinued. In 2015, prosecution was suspended in 46 criminal cases.
- There has been some progress in implementing the mechanism of verification of NAC employees' lifestyle. According to the authority, in 2014-2015, 18 employees' lifestyle monitoring procedures were initiated, 16 were finalized, and 2 are ongoing. Following the examination of monitoring results by the Disciplinary Board, 9 employees were penalized (2 – dismissed, 2 – cautioned about partial compliance with the job, 2 – relegated with a special degree, 2 – reprimanded, 1 – warned), and 3 employees resigned voluntarily before any decision was made.
- By Law no. 180 of October 22, 2015, a number of legislative acts related to the functioning of the NAC were modified, and the anticorruption agency was returned under the subordination of the Parliament. By this institutional transfer, authorities aim at increasing the independence of the NAC.

### **Key challenges:**

- Several actions were not implemented, namely: development of the rules of conduct and integrity for law enforcement authorities at country level; development and promotion of a draft law on adjusting the National Anticorruption Strategy for 2011-2015 to the new provisions of the national regulatory framework; adjustment of the legislative framework in order to define, correlate and delimitate the mandate of administrative sanctioning of the National Integrity Commission (NIC) and the NAC, and the prosecuting mandate of NAC from the one of the Ministry of Internal Affairs and the Prosecutor General Office; restoration of the mechanism of cooperation between the NAC and central public authorities in professional integrity testing; identification and implementation of the regional partnership and development of a cooperation strategy in order to identify and exchange information related to the income and properties of the income and property statement subjects abroad; efficient implementation of the mechanism of analysis of income statements, interest statements and incompatibilities by the NIC; review of the Criminal Code and Contraventions Code of Moldova in order to apply the objective of dissuasive penalty,

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<sup>13</sup> Policy paper approved by Parliament Decision no. 76 of May 16, 2014, National Anticorruption Strategy for 2011-2015 approved by Parliament Decision no. 154 of July 21, 2011.

and specification of certain details related to incrimination of the acts of corruption that fall under the competence of the NAC.

- Although the basic anticorruption policy paper has been temporarily consumed, a new one has not been approved. The need of an anticorruption strategy is determined by the need to ensure continuity in the strategic approach to corruption.
- The share of discontinued criminal cases is still significant, and it is an indicator that raises questions about the efficiency of criminal investigation activities.
- Although the implementation of the NAC employees' lifestyle monitoring mechanism has begun, legal provisions have not been reviewed so as to secure them (some provisions attribute to the NAC competences that are similar to those of the NIC). This situation could diminish the efficiency of the mechanism.
- Regardless of the quality and impact of the amendments and supplementations to the legal framework related to the status and activity of the NAC, this legislative exercise was faulty (the draft law was registered on October 21, 2015 and debated and adopted on October 22, 2015, without any public discussion and without expert opinions of the Parliament's standing committees, the general legal section of the Parliament Secretariat, or the Government<sup>14</sup>).

### **Human rights and fundamental freedoms (including persons with disabilities, gender, minorities, institutional reform, prevention of torture)**

**Monitored: 24 actions, including 3 overdue from the previous monitoring period, of which 5 – implemented (2 implemented with a delay, 2 – partly implemented, 1 – implemented), 1 – not implemented, 18 – ongoing. 3 new measures have been introduced in this area.**

#### ***Key achievements:***

- Several authorities (National Institute of Justice, Ombudsman Office, Council for prevention and combating of discrimination and ensuring of equality, etc.) continued organizing actions to promote human rights, eliminate discrimination, and develop intercultural dialogue and tolerance. These events took the form of campaigns, debates, meetings, video spots, brochures aimed at civil servants, law enforcement representatives, as well as civil society, ethnic groups.
- Ombudsman reform was initiated after Regulations for organization and functioning of the Ombudsman Office were adopted in October 2015. Next, the current legal framework shall be adjusted to the Law on Ombudsman.

#### ***Key challenges:***

- The period of implementation of the National Human Rights Action Plan (NHRAP) 2011-2014 has expired, and currently there is no draft plan for the next period. NHRAP 2004-2008 was realized in the proportion of 60%, and NHRAP 2011-2014 was realized in the proportion of 80%.<sup>15</sup> Since a lot of actions were not realized or were realized partially, they need to be included into a new action plan for the next period.
- The National Mechanism for the Prevention of Torture, created under the Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment, is not functional due to troublesome implementation of the Ombudsman reform.
- A new Child Protection Ombudsman has not yet been appointed, while the appointment of the previous ombudsman was qualified as unconstitutional by the Constitutional Court because they failed to meet all eligibility criteria. At the end of 2015, the Parliament created a special parliamentary commission for the selection of candidates for the position of Child Protection

<sup>14</sup> <http://parlament.md/ProcesulLegislativ/Proiectedeacteleislative/tabid/61/LegislativId/2900/language/ro-RO/Default.aspx>

<sup>15</sup> According to evaluation by the experts of the Council of Europe and the Office of the UN High Commissioner for Human Rights.

Ombudsman and announced a public contest. Candidates are to be interviewed at the beginning of 2016.

- As a result of the budget modification of November 2015<sup>16</sup>, the funds planned for several human rights institutions were significantly reduced. Particularly, reduction affected the budget of the Association of the Deaf of Moldova, which was aimed for the payment of sign language translation services for persons with hearing and speech deficiencies, as well as the expenses for procurement of offices for the Ombudsman and for the Council for Prevention and Elimination of Discrimination and Ensuring Equality. These reductions occurred simultaneously with the increase of allocations for procurement of equipment and improvement of working conditions in the Parliament building.

## Human trafficking

**Monitored: 4 actions (2 – measurable, 2 – non-measurable), of which 0 – implemented, 0 – not implemented, 4 – ongoing.**

### **Key achievements:**

- Public authorities undertook activities to strengthen the capacities of the National Institute of Justice and of prosecutors responsible for prevention and combating of human trafficking (HT), as well as actions to raise awareness and provide information about its dangers and consequences. With the support of the IOM, 13 victims of HT were repatriated.
- An automated system was created for collection of statistics on prevention and combating of HT (number of crimes, penalties applied, data on the support and protection of victims) from the six responsible institutions (Ministry of Foreign Affairs and European Integration; Ministry of Internal Affairs; Ministry of Labor, Social Protection and Family; Department of Penitentiaries; Prosecutor General's Office; Center for Combating Human Trafficking). The system is to be tested and validated.

### **Key challenges:**

- Data from the Prosecutor General's Office for 2015 show an increase of the number of HT crimes compared with 2014, especially child trafficking and organization of illegal migration<sup>17</sup>. Increase in human trafficking over the past year can be explained both by the growth of this phenomenon at the time of the economic crisis affecting Moldova and by the increase of trafficking cases identified by law enforcement.
- Moldova, including the Transnistrian region, is still a source country for men, women and children subject to trafficking for sexual purposes and for forced labor. The Government of Moldova fails to comply fully with the standards on elimination of human trafficking<sup>18</sup>. Despite the Government's efforts to fight trafficking, corruption in the justice system creates obstacles to the punishment of perpetrators, including officials, and compromises the measures for protection of HT victims that participate in court proceedings.

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<sup>16</sup> Law no. 200 of November 20, 2015 on modifying and supplementing the Law on State Budget for 2015 no. 72 of April 12, 2015.

<sup>17</sup> Press release of January 25, 2016 on the trends of human trafficking in Moldova for 2015, <http://www.procuratura.md/md/news/1211/1/6496/>.

<sup>18</sup> According to the Report of the US State Department, 2014 [http://www.state.gov/j/tip/rls/tiprpt/2014/?utm\\_source=NEW+RESOURCE%3A+Trafficking+in+Persons+Report+2014&utm\\_campaign=2014.07.16+NEW+RESOURCE%3A+Trafficking+in+Persons+Report+2014+&utm\\_medium=email](http://www.state.gov/j/tip/rls/tiprpt/2014/?utm_source=NEW+RESOURCE%3A+Trafficking+in+Persons+Report+2014&utm_campaign=2014.07.16+NEW+RESOURCE%3A+Trafficking+in+Persons+Report+2014+&utm_medium=email)

## **Audiovisual and media policy, culture policies**

**Monitored: 40 actions, of which 13 – implemented, 2 – not implemented, 24 – ongoing. This chapter has been supplemented by 25 new actions, of which 1 with a post-factum deadline for the 3<sup>rd</sup> quarter of 2015, after the modification of the NPAA of October 12, 2015. At the same time, 7 actions were excluded from the culture segment, of which 3 were to be implemented by the end of 2015.**

### ***Key achievements:***

#### ***In the culture sector:***

- A state program was developed on safeguarding caroling by male groups, which is one of the three national objectives in the UNESCO world heritage list (caroling by male groups, Struve Geodetic Arc and chernozemic soils). The program shall be subjected to public discussions.
- The National Center of Cinematography, a public institution, was created under the Ministry of Culture, and it shall implement state policies in the field of cinematography and supervise the implementation of relevant legislation. The institution will also have the function of control over film distribution and production in Moldova and will manage the Cinematography Register and the National Film Archive.
- The Center of Statistics, Research and Development (CSRD) was created to enable the use of data from the country's public libraries. The Center shall ensure information and education support needed to digitalize the process of collection and reporting of statistics from the country's public libraries.

#### ***In the broadcasting sector:***

- The Broadcasting Coordinating Council (BCC) ordered monitoring of televisions in terms of compliance with the legislation on access of persons with hearing disabilities to TV programs. Monitoring results showed that despite some improvement of the situation in this segment, 5 televisions, including one with national coverage, keep violating the law and do not provide simultaneous subtitling for at least one newscast in prime time daily. The channels received only public warnings, although for two of them it is not the first violation of this kind, and they were fined for the same violations in February 2015.
- After the amendments to the Broadcasting Code regarding media ownership transparency entered into force, the BCC published the declarations with the names of broadcasters' beneficial owners, their shares in the capital, sources of funding, etc. (a total of 108 broadcasters).

### ***Key challenges:***

- Moldova's joining the European Audiovisual Observatory (EAO), a European center for collection and distribution of information on the audiovisual industry in Europe, has been postponed for an indefinite period for financial reasons. After rectification of the state budget for 2015, expenditure for payment of the EAO membership fee was reduced, too.
- The process of transposing European audiovisual rules into the national legislation and practice is extremely slow, with great delays to the deadlines set in the NPAA. In particular, proposals on modifying and supplementing the Broadcasting Code in order to harmonize legislation with Directive 2010/13/EU (Audiovisual Media Services Directive) were not subjected to public discussion nor adopted.
- The measures set out in the NPAA for cooperation in the mass media sector are not sufficient to achieve the association priorities established in the Association Agreement. The BCC missed the opportunity offered by the Government Decision on modifying the NPAA to supplement the list of actions with the ones targeting transposition into national legislation of Directive 2007/65/EC, whose provisions are to be implemented by February 1, 2018.



## Rights of the Child

**Monitored: 32 actions, of which 2 – implemented, 1 – partly implemented, 2 not implemented, 27 – ongoing.**

### ***Key achievements:***

- In order to ensure the rights of the child during hearings on crimes, Guidelines on processing cases with child victims/witnesses of crimes has been adopted. The Guidelines provide for involvement/interaction of professionals, including criminal investigators, prosecutors, judges, advocates, etc. in the preparation and conduct of a child's hearing.
- The Ministry of Labor, Social Protection and Family in collaboration with "La Strada" International Center have launched a free phone support service for children through a single national number, which provides non-stop psychological assistance to both children and parents.
- Development of a National Action Plan for prevention and combating of school dropout and absenteeism.
- To adjust the national regulatory framework to international recommendations and UN Guidelines for the Alternative Care of Children, drafts of laws were developed regarding organization and operation of early intervention services and minimum quality standards.

### ***Key challenges:***

- Political instability has had a negative impact on the work of the National Council for Child Protection (NCCRP), which met at the end of the year in the first and only meeting of 2015. As a result, in 2015 the functioning of the NCCRP's inter-sector working groups was temporarily discontinued or reduced, and the realization of several actions that fall under NCCRP responsibility has been delayed.
- The position of Child Protection Ombudsman is still vacant, after the appointment of the previous Ombudsman was declared unconstitutional. A repeated contest for this position was announced in December 2015, and selection is to take place in early 2016.
- The approval of the following documents has been delayed: several legislative and regulatory acts on child protection related to improvement of the legal framework on prevention and combating of sexual abuse and exploitation of children online; action plan for implementation of the development program on inclusive education in Moldova for 2011-2020; action plan for implementation of the first phase of the National Strategy on Child Protection for 2014-2020; etc.
- So far, there is no functional system for documentation and records of cases of physical, psychological or sexual violence against children. The existing procedure for identification and reporting of cases of violence against children by employees of educational institutions is often applied formally and does not contain clear provisions for cases of abuse committed by teachers.

## Migration and asylum

**Monitored: 31 actions, including 5 overdue from the previous monitoring period, of which 12 – implemented (1 implemented with one year of delay and 4 implemented partially), 6 – not implemented, 13 – ongoing.**

### ***Key achievements:***

- Development of the fourth edition of the Report on Moldova's Extended Migration Profile for 2009-2014, showing the trends and impact of migration and the legal, regulatory, institutional and policy framework on the management of migration, and providing recommendations for its improvement and for the management of migration. The Report is a joint product of the Bureau for Migration and Asylum of the Ministry of Internal Affairs and members of the interdepartmental Technical Working Group (Ministry of Information Technologies and Communication, Ministry of Internal Affairs, National Bureau of Statistics,



Ministry of Foreign Affairs and European Integration, Ministry of Labor, Social Protection and Family, Ministry of Health, Ministry of Education)<sup>19</sup>

- Renovation and technical equipment of several objects managed by the Bureau for Migration and Asylum: one-stop-shop for documentation of foreigners in Chisinau; headquarters of the department for combating illegal stay of foreigners in the town of Cahul; and disciplinary isolator at the Center for Temporary Placement of Foreigners.
- Internal instructions for the operation of the Center for Temporary Placement of Foreigners have been reviewed and approved with a delay of 1 year.
- Implementation of actions to inform migrants about their rights and obligations in Moldova and to strengthen the professional capacities of employees of regional sections for combating the illegal stay of foreigners.
- Actions for the development of information systems of the Bureau for Migration and Asylum continued, especially in terms of analysis of migration risks and documentation of foreigners.

#### **Key challenges:**

- The procedure of transposition of European rules and standards into the national legislation has been going extremely slow. A legislative draft on approximation of Law no. 270-XVI of December 18, 2008 on asylum in Moldova has not yet been proposed for public discussion, a year after expiry of the deadline set by the NPAA.
- The interdepartmental agreement for efficient implementation of the legislation on the integration of foreigners has not been developed.
- The approval of the new model of travel documents for refugees and beneficiaries of humanitarian protection is still delayed.

### **Cooperation with civil society**

**Monitored: 10 actions, including 2 that were overdue from the previous monitoring period. Out of the monitored actions, 2 – implemented (one with delay), 1 – not implemented (overdue from 2014), 7 – ongoing. Out of the 10 actions planned for this segment, 2 are measurable and 8 – non-measurable.**

#### **Key achievements:**

- The Ministry of Youth and Sport (MYS) in close collaboration with non-governmental organizations continue promoting the law on volunteering as well as volunteering activities among public and private organizations, including by offering training for obtaining the status of host institution for volunteering activities from the Commission for Certification of Host Institutions for Volunteering Activities (CCHIVA) under the MYS.
- The Ministry of Foreign Affairs and European Integration opened public access to the NPAA monitoring portal <https://monitorizare.gov.md/reports/Raport%20PNAAA.html>, which allows viewing the actions conducted by public authorities for implementation of measures under the NPAA.

#### **Key challenges:**

- The creation of the EU-RM Civil Society Platform is being delayed. It was not launched even in 2015, although the deadline was set for the end of 2014. During the monitoring period, no concrete actions for the creation and convocation of the Platform were undertaken.
- The approval of the draft government decision on reimbursement of volunteers' expenses related to volunteering activities, developed by the MYS with the support of civil society, is being delayed.
- Consultations with the civil society in the process of adoption of decisions is still formal, as the majority of proposals and demands coming from the civil society are ignored by the Government and the

<sup>19</sup> The report can be viewed at [http://tender.gov.md/bma/raportul-analitic-pme\\_2009-2014.pdf](http://tender.gov.md/bma/raportul-analitic-pme_2009-2014.pdf).

Parliament. Attempts to redress the dialogue between the civil society and the government through creation of several working groups or commissions (re-launch of the anticorruption system, selection of the candidate for governor of the National Bank of Moldova, etc.) during the monitoring period failed and contributed to growth of civil society's skepticism regarding a possible constructive and transparent dialogue with the Government and the Parliament.

- There have been cases of intimidation by public authorities of civil society's leaders of opinion for their position regarding some current issues.
- The measures for cooperation with civil society included into the NPAA are formulated generally. They do not reflect the real needs of the civil society and are insufficient for successful realization of the proposed NPAA objectives.

## Political dialogue and reforms

**Monitored: 23 actions (10 – measurable, 13 – non-measurable), 2 actions implemented in the first quarter, the rest are ongoing.**

### *Key achievements:*

The goal of the political dialogue is to deepen political association and increase convergence, political efficiency, and efficiency of the security policy. The Government revised the National Action Plan. Political dialogue has been maintained at a satisfactory level. Moldova has coordinated its international actions with those of the EU. In the main international forums, especially the UN General Assembly, the minister of foreign affairs and European integration underlined that Moldova contributes to overcoming challenges, promoting peace and stability in Europe through adoption of concrete measures to support the UN and the EU. At the 70<sup>th</sup> session of the General Assembly on September 30, 2015, Prime Minister Valeriu Strelet presented Moldova's position regarding global problems and international security, referring in particular to:

- Support for UN and member states' initiatives in the field of climate change, planning a 20% increase of renewable energy by 2020;
- Support for efforts to reform the structure of the UN, General Assembly and Security Council in order to increase efficiency, transparency and fair regional representation;
- Support for actions taken by the UN in the field of conflict prevention, combating of international terrorism and disarmament;
- Support for peaceful settlement of the conflict in Donbas in accordance with the Minsk agreement, while respecting the sovereignty and territorial integrity of Ukraine and expressing solidarity with the Ukrainian people;
- Settlement of the Transnistrian problem through identification of a special status, while respecting the integrity and sovereignty of Moldova;
- Reiteration of the need to withdraw Russian military forces and ammunition from the territory of Moldova, in accordance with international commitments and constitutional provisions;
- Submission by Moldova of instruments for ratification of the Arms Trade Treaty;
- Contribution of Moldova to UN peacekeeping missions by sending troops to Kosovo, Sudan, Central African Republic.

## Internal reform

**Monitored: 37 actions (17 – measurable, 20 – non-measurable); 4 actions implemented in the 1<sup>st</sup> quarter; 2 actions implemented in the 2<sup>nd</sup> quarter; 6 actions were not implemented within the set deadlines; the rest – ongoing.**

### **Key achievements:**

- *Adoption on December 23, 2015 of the Central Election Commission (CEC) Regulations on financing political parties.* The Regulations further developed the provisions of Law no. 36<sup>20</sup> and Law no. 61<sup>21</sup>, which introduced amendments to the Elections Code and other five codes and laws referring to elections and electoral subjects – Criminal Code, Code of Contraventions, Broadcasting Code, Law on the Court of Accounts and Law on political parties – in order to improve record keeping on the financing of election campaigns and political parties, including funds from the public budget. *Development of the CEC Regulations on financing political parties* was preceded by consultations with the UNDP in Moldova and the CEC of Lithuania, as well as with other Lithuanian authorities that have responsibilities in the field of financing political parties: Special Investigations Service, Ministry of Justice, State Inspectorate for Data Protection, Police Department, etc.
- Based on the provisions of Government Directive no. 132, a commission for selection of Government-proposed candidates for the position of judge in the Constitutional Court and its regulations were created on October 23, 2015. Following the work of the selection commission, on November 10, 2015, after the professional capacities and integrity of the 7 applicants were tested, the candidate for the position of judge in the Constitutional Court was selected. The implementation of the Government Directive was qualified as a successful pilot project, the experience of which will be synthesized into a draft framework law applicable for all law enforcement and regulatory institutions in order to depoliticize the appointment of heads of such institutions.

### **Key challenges:**

*The adoption of the CEC Regulations on financing political parties could not remove the drawbacks of the April 2015 modifications of the legislation on financing election campaigns and political parties from the state budget. These drawbacks amplify the negative attitude of citizens towards political parties, which are put in unequal conditions:*

- Prohibition to use funds legally obtained from employment abroad may affect the legitimate interests of more than half a million Moldovans (~20% of citizens with voting rights) working abroad, who will not be able to use their legally earned resources to eventually finance their own election campaigns as independent candidates in parliamentary or local elections. According to reports by national observers in elections, the most serious violations are committed by rich political parties, represented in the Parliament, and not by simple citizens working abroad;
- The limits set for donations to the “Election Fund” account from individuals and legal entities are excessively high. It should be noted that limits on donations have been increased by 10 times from the level set in the draft law;
- Although necessary, the updating of rules on financing political parties from the state budget, introduced into the legislation back in December 2007 and postponed, is ill-timed. In 2015, Moldova entered an economic, financial, banking and political crisis generated by corruption scandals involving parliamentary parties, whose rating of trust is about 10%. The use of 0.2% of the state budget to finance parties with compromised images, at a time when Moldova enters economic recession due to inadequate activity of parties, is unlikely to be approved by citizens.
- The above-mentioned drawbacks shall be removed. The idea of financing parties from the state budget should be returned to after recession and the economic crisis are overcome. The criteria for financing parties from the state budget should also be reconsidered.
- The draft law amending the Constitution of Moldova in terms of composition and criteria for selection of judges for the Constitutional Court was not developed.
- The draft law on amending the Constitution of Moldova in terms of the initial term for appointment of judges and selection of judges for the Supreme Court of Justice, as well as the role of the

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<sup>20</sup> <http://lex.justice.md/md/358046/>

<sup>21</sup> <http://lex.justice.md/md/358050/>

Superior Council of Magistracy in the process of self-management of the judiciary, its composition and competences, has not been developed.

## Foreign and security policy

**Monitored: 7 actions (4 – measurable, 3 – non-measurable); one action implemented, the rest – ongoing.**

### ***Key achievements:***

On December 4, 2015, the Parliament of Moldova approved in two readings the Law on the participation of Moldova in international missions and operations. Before that law was adopted, Law no. 1156 of June 26, 2000 on Moldova's participation in international peacekeeping operations covered only international peacekeeping operations and omitted a wide range of other humanitarian missions, post-conflict assistance, monitoring, etc., referring only to military and police employees, which basically limited the possibility of involvement of experts and specialists from other state institutions. After the signing on December 13, 2012 of the Agreement between Moldova and the EU on establishment of the framework for Moldova's participation of in EU crisis management operations, in force since July 01, 2013, the Agreement opened the possibility for Moldova to participate in international crisis management missions under the aegis of the EU, while the decision-making autonomy in each case belongs to Moldova. The new law provides for:

- Regulation of decision-making procedures regarding participation of the military contingent in international operations;
- Establishment of a distinct procedure for deployment/recalling of personnel to/from civilian international missions, which shall enable the country's responsible authorities promptly make decisions on such issues, if necessary;
- Regulation of the training and selection of personnel, with relevant authorities paying increased attention to the plans on training the personnel necessary for participation in international missions;
- Regulation on keeping a database of persons that participated in international missions or operations, taking into consideration the possibility to facilitate the selection of adequate candidates for relevant positions;
- Regulation of the status, rights and obligation of the deployed personnel and their social protection.

### ***Key challenges:***

- Actions referring to the creation of the regulatory framework on the application of international restrictive measures were not implemented. The draft law was approved by the Government and examined in the first reading by the Parliament in December 2015, and it still needs to be adopted in final reading.

## Conflict prevention and crisis management

**Monitored: 9 actions (7 – measurable, 2 – non-measurable); 5 actions not implemented; the rest – ongoing.**

### ***Key achievements:***

- The Ministry of Defense and the Ministry of Internal Affairs reported on the implementation of actions under the action plans on training for the strengthening of conflicts and crises prevention capacities. Actions were implemented to strengthen the National Army capacities of participation

in international operations with military observers and staff officers in UN/OSCE missions/operations; with a military contingent (KFOR II and III) in KFOR operation in Kosovo (41 soldiers for each contingent); EUMAM; etc.

**Key challenges:**

- The Parliament failed to adopt the draft law on the National Information Service,<sup>22</sup> draft law on the Concept of Information Security of Moldova,<sup>23</sup> on counterintelligence and external intelligence,<sup>24</sup> and the draft Military Strategy<sup>25</sup>, which had been developed by relevant authorities.

## Regional stability

**Monitored: 2 actions (0 – measurable, 2 – non-measurable), all ongoing.**

**Key achievements:**

On November 12, 2015, the Ministry of Economy of Moldova presented to the European Commission Directorate General for Trade (DGTRADE) a set of “Measures for facilitation of trade with the EU in Transnistria”, agreed with the Transnistrian side. Thus, Moldovan authorities provide to all businesses in Moldova access to all internal procedures needed to obtain accompanying documents on the goods intended for export to the Community market. To benefit from trade facilitation, Transnistria has committed to ensure, within a certain time, preferential access to the region for goods and services originating in the EU and to make a series of adjustments in its commercial, economic and fiscal framework. The application of trade-related provisions will be evaluated within ten months after the adoption of the decision, and then once per year; the measures that might become necessary shall also be undertaken. The Official Journal of the European Union published<sup>26</sup> Decision no. 1/2015 of the EU-Moldova Association Council on the application of Title V of the Moldova-EU Association Agreement (Trade and trade-related matters) on the entire territory of Moldova. Thus, beginning on January 1, 2016, all Moldovan businesses, including those from Transnistria, will export goods to the EU under the same free trade regime, while the Autonomous Trade Preferences (ATPs) for the Transnistrian region expire on December 31, 2015.

The OSCE Ministerial Council at the meeting on December 3-4 in Belgrade adopted a Declaration on the 5+2 negotiations for the Transnistrian settlement process. The text of the declaration underlines:

- Transnistrian settlement is still a priority on the agenda of the OSCE, and Member States reiterate the need to achieve a comprehensive and peaceful settlement of the conflict, based on the sovereignty and territorial integrity of Moldova and a special status for Transnistria that will guarantee full political, economic and social rights of the population;
- The need to advance the work of the Permanent Conference on Political Issues in the 5+2 negotiations on Transnistrian settlement, requesting the parties to engage in the process without interruption, aiming also at intensification of efforts to promote trust-building and security measures.

**Key challenges:**

- The Transnistrian side refuses to discuss issues relating to the political settlement of the conflict (basket three) and issues of security and disarmament.

<sup>22</sup> <http://www.sis.md/ro/transparenta-decizionala/proiectul-legii-privind-serviciul-national-informatii-al-republicii-moldova>.

<sup>23</sup> [http://www.sis.md/sites/default/files/transparenta/legea\\_privind\\_aprobarea\\_conceptiei\\_si\\_rm.pdf](http://www.sis.md/sites/default/files/transparenta/legea_privind_aprobarea_conceptiei_si_rm.pdf).

<sup>24</sup> <http://www.sis.md/ro/transparenta-decizionala/nota-informativa-proiectul-legii-privind-activitatea-contrainformativa-si>

<sup>25</sup> [http://www.army.md/inf/Strategia%20militara%20a%20RM%2020%2012%202013\\_2160.pdf](http://www.army.md/inf/Strategia%20militara%20a%20RM%2020%2012%202013_2160.pdf).

<sup>26</sup> <http://eur-lex.europa.eu/legal-content/RO/TXT/PDF/?uri=CELEX:22015D2445&from=RO>.

## Weapons of mass destruction

**Monitored: 10 actions (2 – measurable, 8 – non-measurable), one action not implemented within the deadline; all – ongoing.**

### **Key achievements:**

- The Ministry of Internal Affairs and the Ministry of Defense implemented actions under the current activity plans in the field of Chemical, Biological, Radiological and Nuclear Defense (CBRND). Some of the notable activities are: launch of actions for development of the National Strategy on CBRND; development, together with partners from the U.S., of joint action plans for combating illicit trafficking in nuclear materials.
- The Ministry of Environment developed a draft on amending and supplementing Law no. 132/2012 on the safe conduct of nuclear and radiologic activities, which includes aspects referring to nuclear safeguards and non-proliferation.

### **Key challenges:**

- The Ministry of Environment has not initiated activities to develop the regulatory framework needed for the establishment and operation of an efficient national exports control system, which would monitor the exports and transit of goods related to weapons of mass destruction, including end use of dual-use technologies related to weapons of mass destruction, as well as efficient sanctions for violation of conditions for such exports.

## Small-calibre and lightweight weapons and surveillance of conventional weapon export

**Monitored: 12 actions (6 – measurable, 6 – non-measurable); 2 actions implemented in the 1<sup>st</sup> quarter, the rest – ongoing.**

### **Key achievements:**

- The Ministry of Internal Affairs implemented activities under the current action plan in the field of: combating illicit trafficking in weapons and explosives, organized under the aegis of the EUBAM; management of keeping and storage of weapons and ammunition, organized under the aegis of the UNDP; weapon export surveillance; improvement of the State Arms Register.
- On December 17, 2015, the weapons confiscated by employees of the Ministry of Internal Affairs over the past 2 years were destroyed: 1,346 items of small-calibre weapons were melted with the financial support of the EU.

## International cooperation in the fight against terrorism

**Monitored: 17 actions (3 – measurable, 14 – non-measurable); one action not implemented, the rest – ongoing.**

### **Key achievements:**

- The Ministry of Internal Affairs implemented activities under the current action plan in the field of strengthening authorities' capacities and adoption of good practices in combating of terrorism and extremism, as well as combating of cybercrime.

### **Key challenges:**

- The Information and Security Service failed to develop and promote the draft law on prevention and combating of terrorism, but together with the Ministry of Defense it managed to develop and approve antiterrorist passports for efficient implementation of antiterrorist protection measures.



## Preventing and combating organized crime, corruption and other illegal activities

**Monitored: 27 actions (19 – measurable, 8 – non-measurable); 2 actions were not implemented, the rest are ongoing.**

### **Key achievements:**

- The National Action Plan was supplemented by a provision referring to the “development, approval and implementation of framework regulations on contest-based filling of public positions of responsibility and top public executive positions”;
- Development of a new Concept on the monitoring and evaluation of national human trafficking prevention and combating policies;
- The Memorandum signed by Moldova with Europol regarding confidentiality and security of information entered into force on July 23, 2015, and the roadmap for the joint work of the Ministry of Internal Affairs and Europol was also approved;
- Work continued on the demarcation of the Moldovan-Ukrainian state border and drafting of the final demarcation documents with the participation of the EUBAM in the Joint Risk Analysis Group meetings on combating cross-border crime, human trafficking and illegal migration, as well as development of joint reports on assessment of security at the Moldovan-Ukrainian border;
- Training on aspects of prevention and combating of corruption were organized for some groups of judges, prosecutors, probation counselors, court clerks, etc.

### **Key challenges:**

- The National Anticorruption Center (NAC) failed to propose reviewing of the Criminal Code and Code of Contraventions in the aspects of discouraging sanctions and specification of corruption cases that fall under the competence of the NAC. The institutional responsibilities of the NAC shall be reviewed in order to delimit the mandates of sanctioning contraventions between the National Integrity Commission (NIC) and the NAC, on the one hand, and the mandates of criminal prosecution between the Ministry of Internal Affairs and the NAC, on the other hand.
- The Ministry of Internal Affairs was to develop an integrated risk analysis concept in the field of combating cybercrime, but it failed.

## Judicial cooperation

**Monitored: 3 actions (1 – measurable, 2 – non-measurable), all – ongoing.**

### **Key achievements:**

- On July 10, 2014, Moldova signed the Cooperation Agreement with Eurojust<sup>27</sup>. The Cooperation Agreement provides for closer cooperation and covers:
- Exchange of operational information, including personal data, in accordance with Eurojust data protection rules;
- Possibility for Moldova to deploy a liaison prosecutor to Eurojust and for Eurojust to delegate a liaison magistrate to Moldova;
- Participation of Moldova in projects in the Member States that received funding from the European Commission;
- Cooperation with third countries as an essential possibility in combating cross-border organized crime and terrorism<sup>28</sup>.

<sup>27</sup> EUROJUST is an agency of the European Union that coordinates the activity of Member States' competent authorities in the field of judicial cooperation against serious forms of crime.

<sup>28</sup> <http://infoeuropa.md/judiciar/eurojust-si-republica-moldova-au-semnat-un-acord-de-cooperare/>.

# Monitoring economic components

## Company Law, Accounting and Audit and Corporate Governance

**Of the total number of actions planned for the monitored period (9): implemented- 1, ongoing - 3, partially implemented - 1, not implemented - 4.**

### ***Achievements:***

- Launched the EU Twinning Project “Development and consolidation of the National Commission for Financial Markets’ operational and institutional capacities in the field of prudential regulation and supervision” on 30 October 2015. The project is financed by EU (EUR 1.3 mln), coordinated by the Polish Financial Supervision Authority (KNF) and will last till 2017. One of the project’s major objectives is to develop and implement a risk-based monitoring system for the non-banking financial market (capital market, insurance, pension funds etc.) by the National Commission for Financial Markets (NCFM).
- The suspension of the member status in the International System “Green Card” of the National Bureau of Motor Insurers of Moldova (NBMI) was delayed until 1 April 2016. Moldovan authorities should implement an action plan, approved by the Management Committee of the Council of Bureaux “Green Paper”, which provides, inter alia, the periodical submission by the NBMI of audited financial statements. The final decision on the status of the member of NBMI will be taken in the first half of 2016.
- The Corporate Governance Code was developed and approved by the NCFM. The Code comprises a set of governing standards to guide the company management and shareholders in applying the general principles of effective management of a company. It will have a voluntary character, but applying the condition “Apply or Explain”, whereby the Company's executive body must justify the actions or decisions deviating from this Code.
- A comparative study on the alignment of the national legislation to the European legislation was conducted, under the EU Twinning Programme “Strengthening the National Bank of Moldova's capacity in the field of banking regulation and supervision”, which also contained recommendations for NCFM.
- The Action Plan on the accession phases to the European Business Register network (EBR) was developed, but is not approved yet. The accession to the network is important because it provides free access to online information on European companies from the 28 EU countries.
- The licenses of Banca de Economii S.A., „BANCA SOCIALA” S.A. and B.C. „UNIBANK” S.A were withdrawn, as a result of their insolvency, violation by their administration of the national law and, respectively, initiating the process of their forced liquidation in accordance with the Law on Financial Institutions with the transfer of deposits to other banks (MAIB, VictoriaBank, Moldincombank, Finconbank, Comertbank, EurocreditBank).
- Started the second phase of investigation related to the frauds from the banking system. The investigations will be conducted by Kroll company and the international legal company Steptoe & Johnson LLP, which will conduct a thorough investigation and prepare and implement a strategy to recover the defraud assets of the three banks.

### ***Delays and issues:***

- Failure to select the candidate for the position of Governor of the National Bank of Moldova (BNM). The Selection Committee, which consisted also from representatives of the civil society, established that none of the 8 persons entered the competition met the necessary conditions. Therefore, Dorin Dragutanu, who resigned on 21 September 2015 will continue to exercise his position of Governor of BNM until the Parliament takes note of his resignation. The uncertainty related to the appointment of the new Governor leads to uncertainties in the banking sector,



slows down the revitalization of the sector, but also creates additional obstacles to the negotiation of a memorandum with IMF.

## Consumer Protection

**Of the total number of actions planned for the monitored period (14): implemented - 4, not implemented - 10.**

### **Major achievements:**

- Adopted the Institutional Development Programme of the Consumer Protection Agency (CPA), published on 28 December 2015. The program is the main document of mid-term management planning, which describes the mission, objectives and priorities of the Agency. The Program was developed taking into account the recommendations provided by the UE Twinning Project "Support for Consumer Protection Agency" and requirements of alignment to the European legislation. The Program has the following priorities: (i) ensure a high level of consumer protection; (ii) communicate intensively and permanently with consumers, business environment, and public authorities on consumers rights; (iii) develop institutional capacities of the CPA.
- Published the Activity Report of CPA for January - September 2015. According to this, the Agency carried out: 140 information visits at the level of local public authorities (70 visits - 2014), 722 planned controls, 494 unannounced controls.

### **Delays and issues:**

- An increased number of non-conformities persist among business entities that deliver products or services to consumers. According to the Report on the unannounced controls, published on 28 October 2015, CPA representatives concluded 119 minutes on contraventions and applied 100 sanctions (fines) in the amount of MDL 243.9 thousand.
- Major issues in the field are related to the following: (i) business entities' negligence towards the legislation on product safety and consumer rights; (ii) insufficient number of controls, in particular unannounced, made by CPA, and the shortage of human resources in the Agency; (iii) increasing the number of cases of non-compliant delivery of products in the economic units, other than markets (shops, supermarkets); (iv) focusing on post-placement activities of non-compliant products on the market and less on prevention activities etc.

## Agriculture and Rural Development

**Of the total number of actions planned for the monitored period (8): implemented - 1, ongoing - 3, partially implemented - 3, not implemented - 1.**

### **Achievements:**

- The Government approved the Action Plan for the implementation of the National Agriculture and Rural Development Strategy of the Republic of Moldova for 2014 - 2020 and the Action Plan, on 15 October 2015. The Action Plan provides for an efficient plan of sectoral policies and connection with the commitments under EU Association Agreement.
- Conducted training courses for the employees of the Ministry of Agriculture and Food Industry (MAFI) on the following topics: conservative agriculture, agricultural marketing information systems, wine registry development, strengthened the food safety sector, technical assistance and support for the Wine Branch etc. Therefore, during 2015 about 50% of MAFI employees (over 40 persons) were trained.
- Approved the Terms of Reference with "Protected Geographical Indications Calarasi Rose Petal Jam" and "Nimoreni Apricot Brandy", which present the features of these products (rose petal

jam, apricot brandy), production methods etc. This allows initiating the registration of GPI products with the State Agency on Intellectual Property (AGEPI), after which they are submitted freely for protection in the EU, under the EU Association Agreement.

- Finished the Project "Agricultural Competitiveness and Enterprise Development" (ACED), financed by the USAID and "Millennium Challenge Corporation". The project had the following achievements: trainings of sanitary inspectors of the National Food Safety Agency and equipment of the phytosanitary laboratory of the State Enterprise "Center of Quarantine, Identification, Arbitration Expertise and Disinfection of Production".
- MAFI registered 7 groups of producers on 30 October 2015. This allows to the members of the groups (associations) to increase the quantity of the products, to ensure a better sale of the products on the domestic and external market, to reduce production costs, to promote cultivation technologies, etc. Once the producer groups (associations) are established, producers will be able to benefit easier of foreign assistance and subsidies.
- Ratified the Financing Agreement between the Government of the Republic of Moldova and the European Commission on the implementation of the ENPARD Moldova Program "Support for Agriculture and Rural Development", on 22 October 2015. ENPARD foresees the following objectives: (i) increase financial capacities of the Government to perform objectives on policies in the field of agriculture and rural development; (ii) promote policies and reforms in the field of agriculture and rural development; (iii) sustainable management of natural resources, including the water and biodiversity. The value of the programme is about EUR 64 mln, of which EUR 53 mln. are granted as sectoral budget support and EUR 11 mln. are granted as technical and complementary support.
- Launched the last call for grants under the Investment Program "Facilitating access to sales markets", which is part of the Moldovan Agricultural Competitiveness Project (MAC-P), financed by the World Bank. The Program provides nonrefundable financial support up to EUR 350,000 for producer groups to create post-harvest infrastructure, covering 50% of eligible costs.

#### ***Delays and issues:***

- There are issues related to the transparency of state subsidiaries and international aid by the Agency for Payments and Intervention in Agriculture.
- The procedures for the import of primary resources from the EU and other regions (seeds, fertilizers etc.) are complicated and include requirements for registration and testing that could last over one year.
- Limited institutional and operational capacities of ANSA in food safety control, ANSA does not have legislative initiative powers in food safety.
- Insufficient equipment of laboratories in charge of testing for food safety and problems with the efficiency of animal traceability mechanism.

## **Transport**

**Of the total number of actions planned for the monitored period (22): implemented - 4, ongoing - 9, partially implemented - 3, not implemented - 6.**

#### ***Achievements:***

- Submitted the proposal to establish an Analytical Center for Inter-Ministerial Coordination on Road Safety. This Center will be responsible for the monitoring and identification of the reasons of accidents and general trends, information and communication with road users.
- Appointed Iurie Topala as Director of I.S. "Calea Ferata din Moldova" (CFM) by the Order of the Minister of Transport and Road Infrastructure of 23 September 2015. The first measures taken by the new administration of the CFM were the following: (i) procurement of over 10 wagons of line sleeper, 168 m<sup>3</sup> of special sleepers for bridges and 24 sets of sleepers for railway switches; (ii)

recirculation of four out of five upgraded diesel trains; (iii) the extension of rail itineraries to Russia etc. The Protocol on the rehabilitation of 22 km of railway between Berezino station (Ucraina) and Basarabeasca (Republic of Moldova) was signed with Odessa governor, Mihail Saakasvili.

- Tested the system of online procurement of travel tickets for the upgraded train itineraries Chisinau-Ungheni and Chisinau - Ocnita, since 15 September 2015.
- Launched the train itinerary Chisinau-Iasi, which can transport up to 250 passengers in modern trains to Romania, since 30 September 2015. Commissioned two fully overhauled highway locomotives on 11 December 2015.
- Signed two grant agreements between EBRD (10 October 2015), Ministry of Transport and Roads Infrastructure and CFM: (i) EUR 5,000 granted from the Neighbourhood Investment Fund (NIF), to purchase locomotives and arrange the depots; (ii) EUR 250,000 granted from the Special Fund of EBRD for Energy Management Information Systems (EMIS) component.
- Relunched the negotiations with EIB on the project of financing of the second part of the planned procurement of locomotives and rehabilitation of railway infrastructure in the amount of EUR 52.5 million.
- Completed the negotiations on Financing Agreement between the Government of the Republic of Moldova and the World Bank in order to implement the Local Roads Improvement Project. The project consists of two components: financing and loan. The World Bank is expected to provide a loan of USD 80 mln, with an 0.5 % annual interest for the Financing Agreement and 0.25% annually for the Loan Agreement respectively. Thus, about 300 km of local roads are expected to be rehabilitated.
- Signed contracts on the rehabilitation of road R16 Balti - Falesti - Sculeni (over EUR 50 million) and road R6 M1 Ialoveni - Leuseni (over EUR 9 million). The winning companies were selected by international tenders, in accordance with EIB and EBRD conditions. The work is expected to be completed within 24 months and 12 month will be provided for Defects Notification Period (warranty period).
- Launched the on-line service of monitoring of traffic situation of the roads of the country, accessible on the State Road Administration website (<http://www.asd.md>). Photos of the roads are posted and updated on this website (between 5:00 am and 10:00 pm) via the 40 video cameras placed in most cases in gas stations on the national roads.

### ***Delays and issues:***

- The serious financial situation of the State Enterprise MoldATSA, which is responsible for instructing planes that fly over the Moldovan air space. Its financial resources are blocked in a special account in Belgium following the decision of Bruxelles Court of First Instance of 17 February 2015, at the request of the Ukrainian Company Komstroy, legal successor of Energoalians<sup>29</sup>. The approval of a loan of MDL 34 million from the Civil Aviation Authority to MoldATSA defers the full settlement of the problem threatening the safe keeping of the air traffic service in Moldova. It is crucially important to restructure the company, improve the internal administration, introduce principles of transparency and anti-corruption practices<sup>30</sup> in MoldATSA in order to avoid the bankruptcy of the state-owned enterprise and the related negative effects.
- The problematic situation in the naval transport due to several causes: obsolete vessels, low navigability of the Prut and Nistru rivers due to siltation and failure to perform the necessary works to maintain the guaranteed depth for a safe navigation.

<sup>29</sup> <https://www.rise.md/milioanele-din-traficul-aerian-sechestrare-la-bruxelles-3/>

<sup>30</sup> <http://www.zdg.md/editia-print/investigatii/dezmatul-rudelor-de-la-moldatsa>

- Difficulties in the railway sector as a result of delayed reform of the CFM (Moldovan Railways), underfinancing of the sector, as well as obsolete railway infrastructure.

## Information Society

**Of the total number of actions planned for the monitored period (29): implemented - 4, ongoing - 8, partially implemented - 11, not implemented - 6.**

### ***Achievements:***

- The executive approved the draft Law on Access by Properties and Shared Use of the Infrastructure Associated to Public Electronic Communications Networks (7 October 2015) in the context of harmonization with the European legislation. It provides for the development of public networks of electronic communications at the national level, increase investments in the infrastructure and the competition between the providers of network and electronic communication services.
- A mission of European experts reviewed in November 2015 the new draft Law on Electronic Communications for its alignment with the European legislation, as part of the EU Programme of Technical Assistance and Information Exchange (TAIEX).
- The new National Cyber Security Program entered into force (November 2015), whose main objective is to ensure the country's cyber security and which reflects the best international practices and the process of harmonization with the European legislation. The Program includes 7 areas of intervention: 1) safe processing, storage of and accessing data; 2) security and integrity of the electronic communication networks and services; 3) prevention and emergency response capacities (CERT); 4) prevention and combating of cybercrime; 5) strengthening cyber defense capacities; 6) education and information; 7) international cooperation and interaction.
- The new amendments to the Broadcasting Code entered into force (September 2015). According to them, the Broadcast Coordinating Council may organize competitions for the issuance of digital terrestrial multiplex licences.
- Submitted the Guideline on the parameters of the Digital Terrestrial Television Signal (STB) and digital reception modules of TV recommended for use on the territory of the Republic of Moldova, on 12 October 2015. The Guideline defines the minimal requirements recommended on technical parameters and exploitation of STB converters as well digital TVs. It was developed in accordance with the Action Plan on the implementation of the Program of Transition from the Analogue to Digital Terrestrial Television, planned till the end of 2017.
- Moldova's accession to Better Than Cash Alliance (October 2015) which is part of the United Nations, by which the Moldovan authorities tend to reconfirm the objective on the digitization of payments for all public services by 2020.
- Launched the Project of development of "Tekwill" Centre of Excellence in Information and Communication Technologies, in value of USD 7 million, financed by USAID and Sida. This Centre will be established in the Technical University of Moldova and will develop an inter-university educational platform. The Project will create proper conditions to ensure the sufficient number of highly qualified specialist for the ICT industry, as well as stimulate entrepreneurship and innovations.
- Opened the first digital laboratory under the project of digital education support in the Republic of Moldova with the support of Orange Foundation. This project is implemented in three IT colleges from the country: College of Computer Science and Polytechnical College of Chisinau, and Polytechnical College of Balti, where digital laboratories will be opened and equipped with the IT infrastructure and free connexion to broadband and WiFi internet.

- Moldova ranks the 22<sup>nd</sup> of 122 countries in the [Global Open Data Index 2015](#) and the 66<sup>th</sup> of 167 countries in the classification on monitoring the evolution of global information society „Measuring the Information Society 2015”.

***Delays and issues:***

- Low competition in the sector because of the influence of “Moldtelecom” state-owned operator, which holds monopoly over the access infrastructure.
- Insufficient financial and human resources in LPAs for the implementation of ICT solutions.
- Insufficient implementation of the Open Contracting concept and the need to accelerate the implementation of open data by increasing the published datasets and popularizing them among citizens.

## **Employment, Social Policy and Equal Opportunities**

**Of the total number of actions planned for the monitored period: implemented - 7, ongoing - 10, partially implemented - 1, not implemented - 4.**

***Achievements:***

- Two draft laws on amendment and addenda to the Labor Code were developed in order to align it with two EU Directives. One of them is the Directive No 91/533/EEC of 14 October 1991 on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship, the other being the Directive 1999/70/CE of 28 June 1999 concerning the framework agreement on fixed-term work.
- Two draft Government Decisions were developed with the view to transpose the two EU Directives into the national legislation. They will transpose the Directive No 90/270/CEE of the Council of 29 May 1990 on minimum health and safety requirements regarding the work with display screen equipment and the Directive No 2002/44/EC of the European Parliament and of the Council of 25 June 2002 on the minimum health and safety requirements regarding the exposure of workers to the risk arising from physical agents (vibration).
- Finished the sectoral consultation on the compliance of the national legislation with the provisions of Directive 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation, and the provisions of Directive 2004/113/EC on the implementation of the principle of equal treatment between men and women in the access to and supply of goods and services. Following the consultations, draft Government Decisions were developed and are expected to be approved in 2016.

***Delays and issues:***

- The assessment study on the implementation of the National Strategy on Employment Policies for 2007-2015 was not finished by the planned deadline, as well as the development of the new Employment Strategy. These documents are in the process of development and will be completed in 2016.
- The draft Government Decision on the application of the Council Directive No 90/269/EEC of 29 May 1990 on the minimum health and safety requirements for the manual handling of loads where there is a risk particularly of back injury to workers was not developed.

## **Statistics**

**Of the total number of actions planned for the monitored period: implemented - 5, in process - 17, partially implemented - 1, not implemented - 5.**

**Achievements:**

- Developed and calculated a set of macroeconomic indicators in the average prices of the previous year. Namely, the GDP and its components were calculated for 2014 on the basis of the average prices of that year.
- Developed the register of agricultural producers, based on data of the 2011 Census on Agricultural Households. This register will serve as a basis to develop samples for statistical researches from this sector.
- The National Bureau of Statistics (NBS) started the implementation and publication of monthly and semi-annually statistical researches on prices in the energy sector. Started to publish monthly data on stock, inflows and consumption of coal, oil products, gas and electricity.
- Approved the Regulation on statistical reports on air transport of passengers, freight and mail. This document transposes the Regulation (EC) No 437/2003 of the European Parliament and of the Council of 27 July 2003 with the same title.

**Delays and issues:**

- The institutionalisation of the continuing professional education in the NBS was not completed. The inclusion of the Statistical Council in the decision-making process in the NBS was also not completed.
- The discussions with EUROSTAT about the harmonization of the national statistical system to EU Statistical Requirements Compendium did not start during the planned period.
- The Law on Official Statistics was not amended. The expected amendments refer to the professional independence of the Director General of the NBS in accordance with fundamental principles of the official statistics and the European Statistics Code of Practice.

**Public Finance Management: Budgetary Policy, Internal Control, Financial Inspection and External Audit**

**Of the total number of actions planned for the monitored period: implemented - 4, ongoing - 5, partially implemented - 0, not implemented - 1.**

**Achievements:**

- The new standards of internal control in the public sector approved by Ministry of Finance Order No 189 of 5 November 2015. These standards are reviewed with the goals to ensure the further enhancement of the internal control system by harmonizing it to the international standards and methodologies and in compliance with the best practices of the EU.
- Regarding the collaboration with EU institutions and bodies specialized in the control, audit and management of EU funds, an Administrative Arrangement for cooperation between NAC and European Anti-Fraud Office (OLAF) was signed.

**Delays and issues:**

- The system of capacity building in public finance management was not institutionalized by the end of QIII-2015, as planned initially. Thus, a mechanism of ongoing training of officials of central public administration and local public administration in this area is expected to be identified and implemented in 2016.

## Taxes

**Of the total number of actions planned for the monitored period: implemented - 1, ongoing - 0, partially implemented - 0, not implemented - 1.**

### ***Achievements:***

- Developed a set of risks of tax compliance on the bases of data provided by the Customs Service. In particular, developed the Terms of Reference of "Compliance risk management" AIS, technical specifications for application "Compliance risk management and planning related actions" and commissioned the web service on the exchange of information with the Customs Service.

### ***Delays and issues:***

- The development and adoption of the Development Plan of the State Tax Service (STS) for 2016-2020 was not finished by the set deadline. This document was expected to transpose the best international practices and ensure the further modernization of STS.

## Financial Services

**Of the total number of actions planned for the monitored period: implemented - 0, ongoing - 8, partially implemented - 0, not implemented - 1.**

### ***Achievements:***

- The Twinning Project "Strengthening the NBM's capacity in the field of banking regulation and supervision in the context of EU requirements" assessed the alignment of the legislation on central bank to the *acquis* and the best practices of the EU.
- The National Bank of Moldova started the development of a draft Bilateral Cooperation Agreement with the Financial Supervisory Authority of Latvia.

### ***Delays and issues:***

- Development and promotion of the draft Law amending the Law No 190-XVI of 26 July 2007 on Preventing and Combating Money Laundering and Financing of Terrorism.

## Industrial and Entrepreneurial Policy

**Of the total number of actions planned for the monitored period: implemented - 2, ongoing - 18, partially implemented - 3, not implemented - 6.**

### ***Achievements:***

- The Ministry of Economy developed a draft Law on Scientific-Technological Innovation Parks (law in new version). To finish this law it is necessary to establish the structure of the institutional management of research and development, innovation and technology transfer, as well the prior approval of the Code on Science and Innovation.

### ***Delays and issues:***

- Though it was developed, consulted publicly and completed on time, the draft Law on Amendment and Addenda to the Law No 451/2001 on Regulation of the Entrepreneurial Activity by Licensing, the absence of a functional Government at the end of the year prevented the final approval of this document. The aim of this draft is to exclude 3 economic activities from the



licensing regulation - activity of commodities exchanges, manufacturing and destruction of rubber stamps, and storage of grains with the issuance of storage certificates for cereals.

- The development and implementation of performance indicators for public authorities that regulate the entrepreneurial activity was not completed. In fact, report on the development of these indicators was produced with the help of the World Bank's Competitiveness Enhancement Project II and its implementation was postponed for 2016.
- The draft Law on IT Parks was approved by the Parliament in the first reading only. Initially, this law was planned to be approved by the end of 2015 in both readings.

## Cooperation in the Energy Sector

**Of the total number of actions planned for the monitored period: implemented - 1, ongoing - 7, partially implemented - 2, not implemented - 15.**

### ***Achievements:***

- The Government adopted the Law on Electricity and the Law on Natural Gas. Both these laws are in new edition and transpose the provisions of the Third Energy Package into the national law. In particular, the Law on Electricity transposed Directive No 2009/72/EC concerning common rules for the internal market in electricity and the Law on Natural Gas transposed Directive 2009/73/EC concerning common rules for the internal market in natural gas. However, these laws were not approved by the Parliament in any reading.

### ***Delays and issues:***

- The National Action Plan on Energy Efficiency for 2016-2018 was not developed and approved.
- The draft Law on Promoting the Use of Renewable Energy, which transposes Directive No 2009/28/EC was approved by the Parliament in first reading only. In fact, this law was planned to be adopted in the two readings by the end of QIII-2015.
- Delays in the transposition into the national legislation of a wide range of European directives and regulations on energy. Overall, there are delays with regards to 11 such documents, most of which have not even been developed.

## Environment

**Of the total number of actions planned for the monitored period: implemented - 5, ongoing - 2, partially implemented - 2, not implemented - 3.**

### ***Achievements:***

- Analyzed the institutional framework of management and air protection system in the Republic of Moldova in the study "Analysis of the gaps of the assessment and management of air quality in partner countries", including our country. This study was published under the "Air Quality Governance in the countries of Eastern Europe" regional project.
- Assessed the legal and institutional framework that is related to the risk of major accident involving hazardous substances. Identified was of integrating the provisions of Directive No 96/82/CE in the national legislation. As a result, a special Law on Controlling the Risk of Major Accident involving Hazardous Substances will be developed.

### ***Delays and issues:***

- Although the Regulation on the Reduction of Sulphur Content in Certain Liquid Fuels was developed on time, by the end of 2015, the Government did not approved it. This document is expected to transpose the provisions of Directive No 1999/32/CE with the same title.



- The Regulation on the Operation of the Information System for Water Resources in the Republic of Moldova was not approved. This delay is caused by the significant amendments of the first version of this document and the process of requesting repeatedly the comments of all relevant institutions.
- The review of the Natural Resources Code is delayed. A draft law on the amendment and addenda to some legislative acts, including the above Code, should be approved and transpose the provisions of the Directive No 2006/21/CE on the management of waste from extractive industries.

## Regional Development, Cross-border and Regional Cooperation

**Of the total number of actions planned for the monitored period: implemented - 1, ongoing - 19, partially implemented - 0, not implemented - 0.**

### ***Achievements:***

- Finalized the National Strategy of Regional Development during the year. This document is developed with the support of the Ministry of Regional Development of Poland and German Agency for International Cooperation. As of the end of the year the Strategy was undergoing public consultation at the national level, the final approval is planned for 2016.

### ***Delays and issues:***

- There aren't any major delays in this sector, neither in legislative nor in institutional terms.

## Public Health

**Of the total number of actions planned for the monitored period: implemented - 7, ongoing - 11, partially implemented - 0, not implemented - 3.**

### ***Achievements:***

- The Order of the Ministry of Health No 976 of 17 December 2015 approved the Action Plan for strengthening and adjusting the system of communicable disease control and surveillance to the European Surveillance System TESSY.
- Continued the implementation of the Twinning Project "Strengthening the Transplant Agency of the Republic of Moldova and support in legal approximation in the area of quality and safety of substances of human origin". The Draft Government Decision on the amendment and addenda to the Government Decision No 386 of 14 May 2010 "On the Establishment of the Transplant Agency" and the draft Law on Amendments and Addenda to Some Legal Acts (Law No 411 of 28 March 1995; Law No 1585 of 27 February 1998; Law No 160 of 22 July 2011) were developed as part of the legislation harmonisation support provided by this project.
- Developed the Draft Order on the Surveillance and Control of Communicable Diseases with the adjustment list of communicable diseases and public health events taken under surveillance.

### ***Delays and issues:***

- The review of the regulatory framework for preventing and avoiding drink driving or driving in a poor health condition was not finished. Only the draft Government Decision approving the Instructions on the Organization and Conduct of the Wakefulness Control was developed and submitted for repeated review to the Working group of the State Commission regulating the entrepreneurial activity.

- As of the end of 2015, the service of counseling and treatment for smoking cessation had not been established and was only at the organization stage.

## National Treatment and Goods' Access to the Market (Trade in Goods)

**Of the total number of actions planned for the monitored period (1): implemented - 1.**

### **Achievements:**

- The regional Convention on pan-Euro-Mediterranean preferential rules of origin (PEM) entered into force for the Republic of Moldova in September 2015. The Member States to PEM Convention (42 countries) apply the same set of rules of origin under the Convention, which allows to confer the same rules of origin to all goods produced and/or processed enough on the territory of the Member States, which they have concluded free trade agreements with. As a result, the Republic of Moldova can cumulate the trade in goods with the origin in the EU countries, Member States of CEFTA, and subsequently with Turkey, once the Free Trade Agreement with it enters into force.
- Developed a new mechanism for the payment, collection and control of collection of payments for environmental pollution, applied both to domestic producers and importers of goods. In this regard, the Law No 1540/1998 on Payment for Pollution, Law No 181/2014 on Public Finances and Budgetary-Fiscal Accountability and Law No 1515/1993 on Environment Protection should be amended.
- The authorities announced, in late December 2015, the implementation of DCFTA in the whole country, including the Transnistrian region. Thus, all business entities from the Republic of Moldova, including the Transnistrian region, will benefit on an equally basis from preferential trade with the EU starting with 1 January 2016. However, the Tiraspol administration will have to implement a series of measures in order to comply with the European requirements, such as: eliminate the import duties on EU goods, observe the procedures to confirm the origin of goods and meet the sanitary and phytosanitary conditions, cooperate with the Chisinau authorities on customs issues, etc. At the same time, EU would be willing to provide support to achieve the measures that would facilitate the trade with EU in the Transnistrian region. The first assessments of DCFTA implementation in Transnistrian region will be published in 10 months and then annually.
- Assessed the outcomes after one year since the DCFTA implementation in the Republic of Moldova, which shows that total volume of exports decreased by 14.8% (September 2014 - August 2015 vs September 2013 - August 2014). However, the bilateral trade with the EU was the most stable in terms of exports, decreasing only by 1.4%, while exports to CIS countries and other partners dropped significantly. The volume of agri-food exports to the EU increased by 10.8%, partially compensating the drastic decrease of exports to other destinations, especially to Russia - 73%. At the same time, EU remains the main destination for exports of industrial products, about 68% of them being exported to the EU. On the other hand, imports from EU fell by 16.4%.<sup>31</sup>
- Held the first meeting of the RM - EU Association Committee (23 October 2015), convened in Trade format, where they discussed the evolution of trade changes with European partners and the use of quotas, harmonization of the national legislation with the EU acquis on intellectual property right, public procurement, trade in services, quality infrastructure and market surveillance, trade-related energy issues, etc.
- Launched the project "Technical Assistance for the implementation of the EU - Republic of Moldova Deep and Comprehensive Free Trade Agreement", financed by the European Commission and implemented by GFA Consulting Group from Germany. The project will support the development and implementation of specific measures to improve competitiveness in the

<sup>31</sup> Expert-Grup, DCFTA between Moldova and EU after one year, 4 December 2015, <http://expert-grup.org/en/biblioteca/item/1189-zslac-moldova-ue-1an/1189-zslac-moldova-ue-1an?category=7>.

context of DCFTA, such as quality infrastructure, market surveillance, development and diversification of conditions and opportunities of the internal and external market.

***Delays and issues:***

- Failure to meet the criteria of quality and food safety of animal products, which hinders the further export to the EU market (poultry, eggs - category B).
- Poor use of tariff quotas established under DCFTA and the presence of an unfriendly business climate to attract investment in export sectors.

## **Technical Regulations, Standardization and Relevant Infrastructure**

**Of the total number of actions planned for the monitored period (44): implemented - 12, implemented partially - 10, not implemented - 22.**

***Achievements:***

- Gradual transposition of the European standards. Adopted so far, more than 10,000 European standards as such.
- Launched of the EU Twinning Project "Support for the National Accreditation Centre MOLDAC" on 7 October 2015. It provides support for MOLDAC to implement the recommendations of the European Cooperation for Accreditation (EA) regarding the national accreditation system, which would allow the institution to be a signatory party to the Multilateral Recognition Agreement (EA MLA). Thanks to the status of signatory to the Multilateral Recognition Agreement the reports and certificates issued by conformity assessment bodies accredited by MOLDAC will be recognized in the EU, thus eliminating some technical barriers in the trade with the EU.
- MOLDAC accredited on 28 October 2015, for the first time in calibration area, the calibration laboratory of "Center for Applied Metrology and Certification" SOE. It is worth mentioning that a group of experts from the Slovak National Accreditation Service (SNAS) and Turkish National Accreditation Service (TURKAK) participated in the assessment of the laboratory. This measure is part of the accession to the EA MLA Agreement.

***Delays and issues:***

- In the context of the political situation in the country, problems were found regarding the unfinished procedures of amendment of the legislation related to quality of the infrastructure at general level (on accreditation and conformity assessment, metrology, market surveillance, general product safety) and sectoral level (drugs, pharmaceutical sector, cosmetology, etc.).

## **Sanitary and Phyto-sanitary (SPS)**

**Of the total number of actions planned for the monitored period (3): implemented - 2, not implemented - 1.**

***Achievements:***

- Opened the new headquarter of the National Agency for Food Security (ANSA), which will allow concentrating all human resources of the institution in a single place (December 2015). The funding for the new ANSA headquarter was provided under the "Food Safety Management" component of the Moldova Agriculture Competitiveness Project (MAC-P), implemented by the World Bank.

- Conducted a series of workshops on the "Integrated management system of food safety (GMP and HACCP) - application for units that produce meat products" in Balti, Cahul and Chisinau, organized by ANSA with the support of MAC-P. These workshops were held in the context of preparations of the authorities for the assessment mission of DG SANTE, expected by end of January 2016.

***Delays and issues:***

- Lack of measures to stimulate and support economic operators to comply with sanitary and phytosanitary requirements of the European market.
- Lack of progress for the compliance of animal production with the criteria of food safety in the European market, except eggs (egg powder), honey and caviar.
- Limited institutional and operational capacities of ANSA on food safety control.
- Insufficient equipment of laboratories in charge of testing for food safety and problems with the efficiency of animal traceability mechanism.

**Customs Regime and Trade Facilitation**

**Of the total number of actions planned for the monitored period (16): implemented - 9, ongoing - 1, partially implemented - 2, not implemented - 4.**

***Achievements:***

- Signed the Customs Service Strategy against Smuggling and Illegal Sale of Tobacco Products for 2015-2018 (October 2015). The document was developed in collaboration with EUBAM, coordinated with representatives of the major manufacturers of tobacco and the European Anti-Fraud Office (OLAF). The Strategy initiates the process of strengthening efforts to prevent and combat illicit trafficking of tobacco products.
- Signed two Cross-border cooperation agreements between the Republic of Moldova and Ukraine (November 2015), which will help cross quickly and easily the common border. The first agreement provides for joint control at border crossing points (BCP) Pervomaisc-Kuciurgan, which will allow the transport of excise and non-excise goods for import, export and transit through Transnistrian region. The second agreement provides for the automatic exchange of data on the Moldovan-Ukrainian border crossing. The signing of these agreements was facilitated by EUBAM Mission.
- Extended the mandate of EUBAM for another 24 months by an agreement signed on 24 November 2015 by the representatives of the Republic of Moldova, Ukraine and EU, which thus strengthened the Memorandum of Understanding on EUBAM Mission. Earlier in October, the Ambassador Harcourt Andrew Pretorius Tesoriere was appointed as the new Head of EUBAM Mission.
- Completed the Project "IMPEFO – Improvement of cross – border cooperation between the Republic of Moldova and Romania on Petroleum and Food Products", which established and equipped the first and unique Customs Laboratory in the country.
- Meetings between the Republic of Moldova and Romania on customs issues (December 2015) where it was discussed the need to fill the subdivisions of the Border Police of Moldova and Romania, as well as Sculeni customs station (Republic of Moldova) and Sculeni customs (Romania) in order to streamline the traffic at Moldova-Romania border crossing points.
- Increased in the number of electronic customs declarations (for November 2015 - 63.55%). At the same time, there is an increase in the share of green corridor (customs release) - 76.1%, followed by the yellow channel (control of documents) - 13.3% and red channel (control of documents and physical control of the cargo). Also, the clearance on the red channel is decreasing both for import and export transactions, if compared to the previous years (import: 2015 - 14%, 47% - 2010; exports: 3% - 2015, 31% - 2010).

- Implemented "the blue customs clearance corridor", which provides the release of the customs clearance. Thus, during 1 August - 31 October, about 5500 customs statements were selected and validated in the blue corridor, 25% of them being subjected to subsequent control. The "blue corridor" is a simplified procedure of clearance which is applied to the transactions and business entities that do not represent an increased risk of fraud and therefore do not require the physical control of the goods.
- Launched the simplified certification of the origin of goods and issued the first certificate of approved exporter on 1 October 2015. The status of approved exporter, respecting the provisions of the RM-EU Association Agreement, CEFTA Agreement and the Regulation on the procedure for issuing and withdrawal of approved exporter certificate does not require to obtain EUR.1 certificates on the origin of goods.
- Presented the Guideline on preliminary tariff rulings (October 2015) and the Guideline on the procedure of application and issuing of mandatory information on the origin of goods (September 2015), available both in Russian and English. These Guidelines were developed by the Customs Service, with USAID support under the Programme "Business Regulatory, Investment, and Trade Environment" (BRITE) , intended to ensure transparency, predictability and uniformity of customs procedures. In April 2015, another Guideline on the use of the inward processing procedure, developed within the same project, was presented.

#### ***Delays and issues:***

- Higher number of customs statements drawn-up incorrectly by customs brokers, which can be alleviated by increasing their collaboration with the representatives of the Customs Service, including through the Advisory Councils.

## **Public Procurements**

**Of the total number of actions planned for the monitored period (8): implemented - 3, ongoing - 1, partially implemented - 1, not implemented - 3.**

#### ***Achievements:***

- Developed the draft Regulation on the organization and modus operandi of the of the Appeals Settlement Agency. According to the new version of the Law of 3 July 2015 on Public Procurement, which will come into force in May 2016, the Appeals Settlement Agency is the administrative authority, under the Ministry of Finance, which settle appeals filed under public procurement procedures, having also the right to cancel public procurement in case of non-conformity.
- Completed the list of contracting authorities that are expected to use the "State Register of Public Procurement" Automated Information System (SRPP AIS) by order of the Ministry of Finance of 15 September 2015. Thus, the contracting authorities list was completed with 35 institutions, most of which are district councils in the country, including the Mayoralty of Balti, Gagauzia Executive Committee and General Directorate of Construction and Infrastructure Gagauzia. They are expected to perform the "Public Tenders" and "Invitations to Bid" exclusively via SRPP AIS.

#### ***Delays and issues:***

- Problems in the work of Public Procurement Agency related to the insufficient check of procurement documents (procurement contracts, procurement plans) and the lack of any actions to prevent such violations. Lack of financial resources available for the proper functioning of the Public Procurement Agency due to the budget austerity.
- Presence of legal weaknesses, such as the limited access to information on public procurement files; the lack of the mandatory rubric on public procurement on the official websites of public

authorities (this section is missing on the websites of the Ministry of Health, Rezina and Telenest District Councils and Riscani District Hospital, etc.).<sup>32</sup>

## Intellectual Property Rights

**Of the total number of actions planned for the monitored period (34): implemented - 13, ongoing - 13, partially implemented - 2, not implemented - 6.**

### ***Achievements:***

- Approved the Action Plan on implementation of the National Strategy on Intellectual Property until 2020 for 2015-2017 (August 2015). The plan is the second step in implementing the National Strategy on Intellectual Property (IP). It provides for the promotion of intellectual property management, ensuring increased innovation capacity of research institutions, organizing the anti-piracy and anti-counterfeiting concerted actions, etc.
- Enacted the Agreement between the Government of the Republic of Moldova and the European Patent Organisation on the validation of European patents. Thus, the Republic of Moldova becomes the 42nd country where patent protection can be obtained at the same time by a single European patent application. This allows foreign applicants to validate their European patent applications and European patents in the Republic of Moldova, the latter having the same rights and legal protection as Moldovan national patents.
- Conducted the first meeting of the EU-Moldova Subcommittee on Geographical Indications, within the Committee for the Association, on 15 December 2015, chaired by the Republic of Moldova, where was discussed the mechanism of protection of GIs in the EU, including ex-officio actions taken by the EU authorized institutions.
- Conducted the first meeting of the Intellectual Property Mediation Commission (September 2015), created to examine and resolve disputes in intellectual property and litigation in the field of collective management of copyright and related rights.
- Approved the Terms of Reference with “Protected Geographical Indications Calarasi Rose Petal Jam” and “Nimoreni Apricot Brandy”, which present the features of these products (rose petal jam, apricot brandy), production methods etc. This allows to initiate the registration of GPI products with the State Agency on Intellectual Property (AGEPI), after which they are provided free of charge to protection in the EU.
- Organized advanced training courses for judges of the Supreme Court of Justice on intellectual property rights (September-November 2015), including copyright and related rights. The trainings are conducted by the AGEPI and the National Institute of Justice. They aimed at enhancing the knowledge of judges on intellectual property, having regard to the high number of court cases related to the protection of intellectual property rights.

### ***Delays and issues:***

- A low level of popularity of protection titles of domestic products (GI, Designation of Origin (DO) and Traditional Speciality Guaranteed) maintained among domestic producers. Currently, two DOs (Ciumai and Romanesti), three GIs for wines (Valul lui Traian, Codri, Stefan Voda) and one GI for brandy (Divin) are registered.
- Poor enforcement of the law on intellectual property protection (IP), which affect the exercise and observance of IP rights. This is caused by the low level of knowledge about the peculiarity of the IP system among judges, but also the low interest on the exercise of IP rights by right holders.

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<sup>32</sup>Association for Efficient and Responsible Governance (AGER), Report of Public Procurement Management, 2015.



## Right of Establishment, Trade in Services and Electronic Trade

**Of the total number of actions planned for the monitored period: implemented - 8, ongoing - 9, partially implemented - 3, not implemented - 16.**

### ***Achievements:***

- Adopted the draft law on the amendment and addenda to the Law on electronic trade. The amendment of this law intended to require Internet stores to inform consumers on their rights and indicate the contact phone and the direct access to the Consumer Protection Agency website.
- The international consulting company “Solving Efeso” conducted the feasibility study on the establishment and functioning of 112 Service. It has also been developed the Regulation, structure, staff-limit and the personnel of this Service and drafted the Regulation of the Interdepartmental Committee to ensure the interaction between the single service 112 and emergency specialized services.

### ***Delays and issues:***

- The following national legal framework was not amended: the Civil Code, Law No 180-XVI of 10 July 2008 on Labour Migration, Law No 200 of 16 July 2010 on Foreigners in the Republic of Moldova and other relevant laws.
- Law on Postal Services aligned with Directive No 97/67/EC on common rules for the development of the internal market of Community postal services and the improvement of quality of service was approved by Parliament in first reading only. Thus, the entry into force of this law is postponed for 2016. This caused a chain reaction regarding the failure to adopt rules on the provision of postal services, which can be approved only after the entry into force of this Law.
- There are delays regarding a set of regulatory documents on electronic communication universal service. Thus, the National Programme on the implementation of this service for 2014-2020, the Regulation on the implementation of this service and the methodology to calculate the net cost of Universal Service provision.
- Although the feasibility study was presented and a set of laws on creating 112 single service was developed, it was not in operation as of the end of 2015.

## Current Payments and Movement of Capital

**Of the total number of actions planned for the monitored period: implemented - 0, ongoing - 2, partially implemented - 0, not implemented - 0.**

### ***Achievements:***

- NBM developed the draft of the EU Information Mechanism on application of safeguard measures by the Republic of Moldova.

### ***Delays and issues:***

- No major delays were recorded in this area.

## Competition

**Of the total number of actions planned for the monitored period: implemented - 1, ongoing - 1, partially implemented - 0, not implemented - 1.**

***Achievements:***

- Initiated the implementation of the mandatory training programme for judges in cases related to competition and enforcement of the Law on Competition and Law on State Aid. Thus, the National Institute of Justice organized in 2015 two seminars on those areas.

***Delays and issues:***

- As of the end of the year, the Competition Council has not identified and published the list of enterprises entrusted with exclusive right to initiate the process of monitoring them.

**Issues related to Trade in Energy**

**Of the total number of actions planned for the monitored period: implemented - 0, ongoing - 0, partially implemented - 0, not implemented - 0.**

***Achievements:***

- Following the amendment and approval of the new Action Plan by the Government for the implementation of the Association Agreement have essentially changed the terms of implementing the actions of this chapter. Thus, the fixed period of implementing some regulations was excluded, they being dependent on the approval time of the Law on Natural Gas and Law on Electricity. The periods of adoption for those regulations are 3-9 months after the entry into force of these laws.

***Delays and issues:***

- No major delays were recorded in this area.