

EUROMONITOR: SYNTHESIS OF MAIN DEVELOPMENTS

January – December 2014

This document synthesizes and analyzes the main activities conducted by authorities in each of the sectors monitored as part of the European Union – Republic of Moldova Action Plan in 2014. It presents a structured analysis of the main developments and problems in the monitored sectors.

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MONITORED SECTORS

JUSTICE SECTOR REFORM	3
COMBATING CORRUPTION.....	4
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	6
TRANSNISTRIAN CONFLICT SETTLEMENT.....	8
IMPROVING WELFARE.....	9
RURAL AND REGIONAL DEVELOPMENT.....	10
SOCIAL AND EMPLOYMENT POLICY	10
THE RIGHT OF ESTABLISHMENT AND COMPANY LAW	11
COMPETITION POLICY.....	11
STATISTICS.....	12
INDUSTRIAL POLICY	12
PUBLIC HEALTH	13
MACROECONOMIC AND MACRO FINANCIAL POLICIES	13
FINANCIAL SERVICES.....	14
FINANCIAL CONTROL AND RELATED ASPECTS	15
CIRCULATION OF CAPITAL AND CURRENT PAYMENTS	15
FUNCTIONAL MARKET ECONOMY	16
COMMERCIAL RELATIONS	16
THE CUSTOMS SERVICE.....	17
STANDARDS, TECHNICAL REGULATIONS, AND CONFORMITY ASSESSMENT PROCEDURES (HARMONIZED AREAS)	18
ELIMINATION OF RESTRICTIONS AND ADMINISTRATION OPTIMIZATION (NON- HARMONIZED SECTORS)	19
SANITARY AND PHYTOSANITARY ISSUES	19
INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS	20
SERVICES	20
MOVEMENT OF PERSONS, INCLUDING MOVEMENT OF WORKERS, AND COORDINATION OF SOCIAL SECURITY POLICIES.....	21
TAXATION	21
PUBLIC PROCUREMENT.....	22
TRANSPORT	22
INFORMATION SOCIETY	23

JUSTICE SECTOR REFORM

Major developments

The justice sector reform has been guided by the Strategy of Justice Sector Reform for 2011-2016 (SJSR), approved by Law no. 231 of 25.11.2011, and by the Action Plan for its implementation, approved by Parliament Decision no. 6 of 16.12.2012. By 01 July 2014¹, out of the 288 actions planned for implementation by 30 June 2014, 173 had been completed and 115 remained uncompleted, which represents 60% and 40%, accordingly. The main achievements are as follows:

- Adoption and start of implementation of several regulatory documents relevant for this sector (Law no. 325 of 23.12.2013 on testing professional integrity; Law no. 328 of 23.12.2013 on judges' salaries; Law no. 161 of 18.07.2014 on authorized administrators; Law no. 178 of 25.07.2014 on disciplinary responsibility of judges; Government Decision no. 707 of 09.09.2013 on approval of framework regulations for informants of integrity);
- Approval of the Concept of the prosecution office reform by Law no. 122 of 03.07.2014;
- Modernization of the regulations (methodologies) and instruments used by judicial expert examination institutions;
- Progress in development of the regulatory framework relevant for the sector (system of execution of court rulings; interpreters and translators in court proceedings; notary; the Bar; mediation; governmental agent);
- Launch of several studies deriving from the SJSR²;
- Promotion of information platforms and IT tools (e-registers) aimed to improve transparency in the justice sector, and launch of a joint web portal of courts;
- Launch of Module IV of random distribution of case files, and consolidation of efforts to ensure production of audio recordings from court sessions;
- Progress in optimization of the map of courts placement by dissolving the Court of Appeal in Bender;
- Progress in modernization (ensuring security) of court offices;
- Inauguration of the Center of social rehabilitation of persons released from criminal punishment in Floresti;
- Development of protection mechanisms for underage participants in court proceedings (rooms for hearing minors);
- Initiation of construction works for a modern penitentiary, where conditions of detention are to be in compliance with sector standards;
- Development of training courses on combating corruption, intended for actors of the justice sector, and initiation of continuing distance training by the National Institute of Justice.

¹ http://www.promolex.md/upload/publications/ro/doc_1401270481.pdf, The Promo-LEX Association, the Association for Efficient and Responsible Government (AGER), Quarterly report no. 6 on monitoring the implementation of the Strategy of Justice Sector Reform (monitoring period 1 April – 30 June 2014).

² Example: Study on the optimization of the judicial map of the Republic of Moldova; Study on the optimization of the structure of prosecution and work load of prosecutors in Moldova; Study on the mechanisms of disciplinary responsibility of authorized administrators; Study on the system of ensuring civil professional responsibility of authorized administrators; Study on unifying judicial practice and ensuring the principle of security of judicial relations in Moldova; Study on the margin of discretion of justice sector actors in the codes of criminal and civil procedure and in the Contraventions Code.

Main problems identified

- The justice sector, in public perception, is little credible. According to the Barometer of Public Opinion (November 2014), 70% of respondents have no trust or little trust in the justice sector.³
- Some anticorruption mechanisms applicable to the justice sector should be strengthened and improved. We are referring to the need for plenary implementation of Law no. 269 of 12.12.2008 on the application of testing with lie detector (polygraph), the need for essential amendments to the Law on testing professional integrity, based on the opinion of the Venice Commission⁴; the need to review the Constitution of the Republic of Moldova (Article 46 (3)) in order to provide more certainty to the rules concerning unjust enrichment and extended confiscation.
- Although the progress in the implementation of the SJSR has been constantly positive, there are some aspects that have alarmingly fallen behind, such as reform of prosecution, unification of codes of ethics⁵, strengthening of capacities of the bodies responsible for punishing disciplinary violations, implementation of internal warning mechanisms.

COMBATING CORRUPTION

Major developments

- According to the National Anticorruption Center (NAC) activity report for 2014⁶, there were 570 crimes, which is 20% more than in 2013. Out of all crimes, 448 were qualified as acts of corruption and related to corruption, in contrast with 374 acts of corruption and related to corruption that the NAC identified in 2013. The majority of crimes of corruption and related to corruption were found in the judiciary (134), local public administration (76), state enterprises (68), lawyers' offices (22), public health institutions (16), educational institutions (16), tax control and review authorities (14), public institutions in the transport sector (10), institutions of transport registration and qualification of drivers (9), judicial enforcement officers (8), national defense bodies (7), customs institutions (5), etc. The most frequent were the following: active corruption and influence peddling. Police is still one of the institutions with the highest risks of corruption. In the reporting period, 55 police officers appeared in the cases managed by the NAC and prosecution. In 2014, 40 police employees, including 7 criminal investigation officers, were brought to justice for acts of corruption and related to corruption. In the reporting period, the courts examined 31 criminal cases of corruption or related to corruption that had strong social resonance, including 6 criminal cases against 3 judges, 1 court chairman, and 1 inspector judge of the Judicial Inspection of the Superior Council of Magistracy. Many of the cases are still pending.
- Like in 2013, in 2014 the Ministry of Internal Affairs (MIA) continued being involved into the investigation of corruption. According to the operative information about criminality in Moldova in the 12 months of 2014

³ http://ipp.md/public/files/Barometru/Brosura_BOP_11.2014_prima_parte-r.pdf

⁴ <http://www.constcourt.md/libview.php?l=ro&idc=7&id=611&t=/Prezentare-generală/Serviciul-de-presa/Noutati/Comisia-de-la-Venetia-a-comunicat-Curtii-Constitutionale-opinia-sa-referitoare-la-Legea-privind-testarea-integritatii>

⁵ At sector level, there are some integrity standards: Judge's code of ethics, approved by Superior Council of Magistracy Decision no. 366/15 of 29.11.2007; Prosecutor's code of ethics, approved by Superior Council of Prosecutors Decision no. 12-3d-228/11 of 04.10.2011; Police employee's code of ethics and deontology, approved by Government Decision no. 481 of 10.05.2006; Code of behavior of employees of the National Anticorruption Center, approved by Government Decision no. 664 of 30.08.2013; Customs employee's code of conduct, approved by Government Decision no. 456 of 27.07.2009. These documents need to be brought into compliance with the current legal requirements, particularly the legal anticorruption framework.

⁶ <http://cna.md/ro/evenimente/raportul-activitate-al-centrului-national-anticoruptie-anul-2014>

(except the cases that have been filed away)⁷, the MIA registered 861 crimes in the public sphere, including 134 cases of passive corruption, 60 cases of active corruption, 167 of abuse of power, 232 excess of power, 65 neglect of duty. Although the number of crimes registered by the MIA has dropped since 2013⁸ (except active corruption), the MIA outperforms the NAC in combating corruption.

- According to the information provided by the National Integrity Commission (NIC),⁹ in 2014, the NIC initiated 354 verifications (234 more than in 2013). Verifications concerned 280 subjects of declarations, including 1 governor of Gagauzia, 5 MPs, 39 judges, 12 prosecutors, 19 ministers and deputy ministers, 7 heads and deputy heads of districts, 42 mayors and deputy mayors, 28 directors of state-owned and municipal enterprises, 55 public officers with special status, 5 persons from the administration of public officers, 13 heads of central public authorities, 26 senior civil servants, 8 executive civil servants, 22 others. 257 cases have been finalized (183 cases more than in 2013). Out of all finalized cases, 122 were finalized by adoption of an act stating the violations committed by the subjects of declaration, and 135 were filed away (for the reason that the reported facts were not confirmed). These verifications showed the following results: 54 cases of violation of the legal procedure of declaration of income and property; 50 cases of violation of the legal requirements concerning the conflict of interest; 18 cases of violation of the legal requirements concerning incompatibility.

Main problems identified

- Despite the efforts to combat corruption, the perception of corruption in Moldova has not changed. According to Transparency International, in 2014 Moldova obtained 35 points in the Corruption Perceptions Index (CPI), taking the 105th place among the 175 countries in the rating.¹⁰ For comparison, in 2013 the CPI score was the same, and Moldova was 102nd among 177 countries in the rating.
- The information provided by the NAC shows quantitative progress in its work. Unfortunately, this information and the information presented by the MIA do not allow us to assess the qualitative performance of authorities in combating corruption. We shall reiterate that one of the constantly identified problems is the significant number of criminal cases that are filed away. In addition, there still is the problem of no clear delimitation between the competences of various authorities in conducting criminal investigation.
- Overall, the work of prevention and combating of corruption has been guided by the Action Plan 2014-2015 for the implementation of the National Anticorruption Strategy (2011-2015), approved with a delay by Parliament Decision no. 76 of 16.05.2014. According to statistics¹¹, by 01 July 2014, 72% of the planned actions were successfully realized, 17% were overdue, and 11% were ongoing. Major arrears include actions that the NIC is responsible for, such as development of specialized studies, adjustment of the legal framework, review of declaration models.

7 http://mai.gov.md/sites/default/files/document/attachments/internet_1.xls

8 In 2013, the MIA registered 870 crimes in the public sphere, including passive corruption (173), active corruption (25), abuse of power (181), excess of power (241), and neglect of duty (73).

9 <http://cni.md/?p=1607>

10 http://transparency.md/files/docs/PR_IPC_2014_romA.pdf

11 http://cna.md/sites/default/files/sna_rapoarte/raportul_de_monitorizare-s1_2014_0.pdf, Report on monitoring the realization of the Action Plan 2014-2015 for the implementation of the National Anticorruption Strategy for 2011-2015.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

Major developments

- Steps have been made to ensure equal chances of men and women, but they had no finality. In May 2014 the Government approved a draft law that provided for the introduction of a minimum representation quota of 40% of men and women on the lists of candidates for the Parliament and the Government, prohibited sexist advertising, ensured the right of men to paternal leave, and provided for additional protection and sanctions for the violation of gender equality, but it has been blocked in the Parliament after being voted in the first reading in July 2014. Also, it has been proposed to supplement the Electoral Code in order to introduce the obligation to have at least 30% of women in the lists of candidates for parliamentary and local elections. This draft law is still under examination in the Parliament.
- The Parliament approved a draft law providing for modifications to the Broadcasting Code in order to regulate transparency in the funding and ownership of mass media. Thus, it has been proposed to introduce new notions that would contribute to collecting information about *owners* and *beneficiary owners* of media outlets and to increasing the competences of the Broadcasting Coordinating Council in order to ensure media ownership transparency.
- In 2014, transition from institutionalized care for various categories of persons to care in families and communities continued. In this sense, we shall mention the adoption of Framework Regulations on the organization and operation of the social service “Family Placement for Adults”¹² and the Child Protection Strategy for 2014-2020¹³. Thus, a social service was instituted at local level for adults with disabilities and pensioners that have no possibility to live with their biological families or independently, in order to prevent their institutionalization. At the same time, the child protection strategy aims to ensure the necessary conditions for the education of children in family environment, including by means of reducing the number of children in residential care.
- The National Plan for Prevention and Combating of Human Trafficking for 2014-2016¹⁴ has been approved. The action plan largely repeats the structure of the previous plan, but it covers 3 years, so that beginning in 2016 it could be integrated into a single national initiative with the Strategy of the national system of referral for protection and assistance for victims of human trafficking.
- In 2014, there was an about 8% decrease in the number of cases of torture from 2013. Thus, in 2014 the prosecutors received 663 complaints less than in 2013. It is the lowest level of torture in the past 5 years (992 complaints in 2009, 828 complaints in 2010, 958 complaints in 2011, 940 complaints in 2012, and 719 complaints in 2013). We shall remind that between 2010 and 2014 Moldova was condemned by the ECHR in 49 cases for violation of article 3 (prohibition of torture) of the European Convention of Human Rights.

Main problems identified

- By the end of its term, the Parliament failed to promote a number of laws aimed to ensure better protection of human rights in Moldova. In this sense, we shall mention the failure to adopt in final reading the draft law on the introduction of a minimum representation quota for men and women in order to ensure promotion of active participation of women in decision making in public structures. Thus, women are still under-represented in the Parliament (21 women out of 101 MPs), although over 30% of candidates in the electoral lists of the parties that competed in the elections of 2014 were women.
- The parliamentary elections of November 2014 revealed deficiencies in ensuring the universal right to vote, as a candidate’s registration to participate in the electoral competition was annulled several days before the elections. This situation is also indicative of selective application of justice. We shall remind that on 26

12 Government Decision 75/03.02.2014

13 Government Decision 434/10.06.2014

14 Government Decision 484/26.06.2014

November 2014, the Central Electoral Commission asked the Court of Appeal to annul the registration of the “Patria (Homeland)” Party as electoral contestant. This request was made on the basis of information provided by the General Police Inspectorate, according to which the party violated the law on the funding of the electoral campaign. The Court of Appeal and then the Supreme Court of Justice decided to annul the party’s registration for the elections of 30 November.

- The delayed reform of the ombudsman institution makes the authorities’ willingness to contribute to the protection of human rights and freedoms questionable. A positive development has been the adoption of a new law on the People’s Advocate in April 2014, but it has so far been non-functional, since the candidates selected through public competition had no support from the parliamentary majority. The positive changes brought by the new law include the following provisions: there shall be 2 people’s advocates, one of whom shall be specialized in the rights of the child; people’s advocates shall not be appointed directly, but elected via a public competition; a council for torture prevention shall be created under the People’s Advocate Office, which shall become a national mechanism for torture prevention.
- In 2014, Moldova lost 24 cases in the ECHR, which is 5 cases more than in 2013. In 21 of its decisions, the Court found at least one violation of the Convention of Human Rights. The majority of Moldova’s condemnations were made for violation of the right to freedom and safety (5 cases), the right to fair trial (5 cases) and the right to not be subjected to inhuman or degrading treatment (4 cases).
- Postponed adoption in final reading of the laws regulating transparency in mass media funding and ownership has had a direct impact on the role of mass media in the electoral campaign of 2014. The concentration of mass media around political actors led to the situation when voters had limited access to impartial information, which in the end determined their voting choice. In these conditions, the performance of the Broadcasting Coordinating Council is worrying, as it failed to penalize the media outlets that constantly broadcast biased materials.
- Several televisions’ access to the network of cable operators was restricted as some TV channels were removed from the list of channels mandatorily rebroadcast in the country. At the start of 2014, channels *Accent TV*, *RTR Moldova* and *Jurnal TV* were removed from the packages of several cable operators. Thus, Moldovan citizens’ access to various viewpoints was limited and freedom of the press has been prejudiced. These cases are following the worrying trend of decreasing press freedom and mass media pluralism in Moldova, just as it happened in 2012, when the *NIT* channel’s broadcasting license was withdrawn.
- Moldova stepped one position down from last year in the Press Freedom Index, taking the 56th position among the countries with “visible problems” in terms of mass media pluralism and independence, the environment in which journalists work and self-censorship, legislative framework, outlets’ transparency, infrastructure necessary for journalists.
- Safety at work is still a problem, and the legal and regulatory framework in this sector is still under development. Thus, in the first half of 2014, 17 persons died in accidents at work, and the number of accidents at work that were communicated to the State Labor Inspectorate showed a 14% increase.

TRANSNISTRIAN CONFLICT SETTLEMENT

In 2014, the efforts aimed at Transnistrian conflict settlement focused, as usual, on measures of mutual “confidence building”. However, 2014 has been an unusual year for the process of Transnistrian conflict settlement: (1) the “Ukrainian crisis” provoked by annexation of Crimea by Russia, followed by the war in Donbass, created serious antagonisms for the negotiators in the “5+2” format, decreasing the already low performance of negotiations in this format; (2) the signing and ratification of the Association Agreement between Moldova and the European Union created a new context for the Transnistrian region, as well; (3) the Russian Federation significantly reduced the financial support for Transnistria, while Ukraine took measures to protect its borders against an eventual invasion of Transnistrian armed forces in the Odessa region, which caused limitation of circulation of citizens and growth of social and economic tension; (4) confidence building has been undermined by the unilateral actions of Transnistrian authorities, aimed against free circulation of Moldovan citizens, peacemakers, farmers and against the region’s schools that teach in the Romanian language.

Major developments

- The Government approved funding for the program of country reintegration activities for 2014, amounting to MDL 13 million (Government Decision no. 394 of 02.06.2014). The program was intended to fund some activities of technical and material development and modernization of educational and medical institutions; maintenance of building and water supply systems; social protection of the elderly and of persons with disabilities; street and road lighting; and other activities that help overcome the consequences of the conflict and improve living conditions for the people in the Security Zone.
- The problem of the schools that teach in the Romanian language has been solved in part. Moldovan authorities reached an agreement with the Transnistrian administration concerning the rent of the buildings used by the eight Moldovan schools in Transnistria that are under Moldova’s jurisdiction and their inspection. Inspections have the goal of assessing the real condition of the schools.
- On 10 July 2014, the Parliament of Moldova adopted a declaration on the country’s territorial reintegration progress in the context of Moldova’s European course after the signing of the Association Agreement (AA). According to the document, the creation of the Deep and Comprehensive Free Trade Area (DCFTA) is a major step in ensuring free circulation of goods and services between Moldova and the EU, and the liberalization of the visa regime has already ensured free circulation of Moldovan citizens from both banks of the Nistru to the EU.
- Moldovan authorities will inform Transnistrian partners in the dialogue about the efforts at executive and legislative level aimed at preparing the implementation of the DCFTA agreement.
- The signing of the Association Agreement between Moldova and the EU has motivated the Transnistrian administration to be willing to become part of the Free Trade Agreement with the EU. Representatives of the Transnistrian administration had meetings with the EU delegation led by the chief EU negotiator for the Deep and Comprehensive Free Trade Area with Moldova, who confirmed that there is room for Tiraspol to participate in negotiations for the implementation of the agreement. For that, trilateral meetings will have to be organized in order to solve the problem by the end of 2015, when the regime of trade preferences for Transnistria expires.
- In October 2014, the funicular between the towns of Rezina and Ribnita was removed, eliminating the danger of its collapse. The removal of the old 300-ton construction became possible due to the involvement of a special cargo helicopter and of the trucks of the Russian Ministry of Emergency Situations. According to Head of the OSCE Mission to Moldova Michael Scanlan, the operation was an example of cooperation of partners in the “5+2” format that is worth being noted.
- The most important achievement in 2014 is the maintenance of the Transnistrian conflict in its frozen state.

Main problems identified

- In 2014, only two meetings in the “5+2” format took place. After the onset of the Ukrainian crisis with direct involvement of the Russian Federation, it was decided that in the second half of 2014 the “5+2” negotiations would be replaced by consultations of political representatives of Chisinau and Tiraspol.
- The annexation of Crimea by the Russian Federation—mediator and guarantor in the Transnistrian settlement process—encouraged the region’s leadership to ask the leadership of the Russian Federation for the recognition of Transnistria’s independence.
- Impediments have been created for the access of farmers from the localities under the jurisdiction of Moldova to their farmlands located along the Tiraspol-Camenca route. To solve this problem, Moldovan authorities insisted on returning to the mechanism implemented since 2006 and on finding viable solutions in order to enable farmers to cultivate their lands. On the other hand, Transnistrian representatives opted for essential modification of the mechanism, insisting on conclusion of land lease contracts, so as to later be able to invoke the right of ownership over the farmlands.
- The Joint Control Commission met some difficulties due to the violation by the Transnistrian side of previous agreements concerning: unauthorized extension of the infrastructure of Transnistrian armed forces stations at the entry points to the city of Bender; violation of the 1992 Agreement on the free circulation of persons through the Security Zone; premeditated blocking of movement of military observers to the sites of incidents, and blocking of Moldova’s requests to make records of the incidents occurring in the Security Zone; non-coordinated extension of the infrastructure of migration posts by border guards and customs officers; complication of the migration registration procedure so as to limit the term of stay on the left bank of the Nistru to 90 days.

IMPROVING WELFARE

Major developments

- New Framework Regulations on organization and operation of the foster care service and minimum quality standards have been approved, replacing similar documents dating back in 2007. New minimum quality standards for the foster care service were brought in compliance with the UN Guidelines for the Alternative Care of Children, and Moldova is among the first countries in the region to adopt these provisions.
- Regulations on the establishment and payment of daily allowances for the children placed in the community house for children at risk have been approved. The document sets the daily amount allocated per child: MDL 10, reaching MDL 100 on birthdays and MDL 70 on holidays. These amounts shall be annually updated according to the index of inflation in economy.
- Approval of the Child Protection Strategy for 2014-2020. The document aims to significantly diminish the negative effects of migration on families and children, improve the institutional framework of child placement separately from parents and prevent violent practices against children, as well as facilitate the process of reconciliation of parents’ family and work lives.

Main problems identified

- Although the adjustment of the regulatory framework for the foster care service is an important step towards improving the situation of children that lack parental care, this system still has some deficiencies. First, financial allocations for this service are too small to stimulate families to work in this field. Second, the current system of social protection of the family and the child is mainly reactive and needs mechanisms to be developed for the early identification of situations of risk in families.
- Development of the system of assistance to children at risk is a priority for specialized authorities, significantly due to the increase of the number of children whose parents are abroad. At the same time, the

amounts allocated to decently support adoptive children are currently quite small, so some mechanisms need to be developed and implemented as an alternative to monetary ones.

- Due to intense migration processes, the problem of neglect of children and violation of their rights has grown. These processes are worsened by the poor quality of the system of child protection in the family, as well as that of child placement separately from parents in residential institutions.

RURAL AND REGIONAL DEVELOPMENT

Major developments

- The main actions with regional social and economic impact were primarily focused on the development of the basic infrastructure. Thus, the construction of roads, water supply infrastructure and construction of social housing in several regions of Moldova have been expanded.
- Several technical aid projects have been launched, with funding from external development partners. A priority area for these projects is the strengthening of institutional capacities of local public authorities in the application of regional social and economic development instruments.

Main problems identified

- The expansion of infrastructure works largely depends on the institutional framework of elaboration, management and implementation of these projects, which is still poorly developed. It is especially true for local public authorities and becomes quite a critical issue in the process of decentralization and regionalization of responsibilities in the corresponding sectors.
- The expansion of infrastructure works did not automatically lead to improved quality and optimization of expenses. So, to obtain multiple effects from the construction of the basic infrastructure, it is necessary to ensure strict control of the above-mentioned components by relevant authorities.

SOCIAL AND EMPLOYMENT POLICY

Major developments

- Approval of Regulations on the mechanism for the use of the funds allocated from the state budget intended to support investors in preparing and training personnel (staff) in connection with creation of new jobs. According to this document, economic operators will be able to benefit from compensations of up to 50% of total expenses for training.
- Approval of the Program for integration of the problems of aging into policies and action plan for 2014-2016. According to this program, the structural changes in the work force caused by demographic aging shall be managed by means of a positive approach, including active involvement of the elderly into social life and labor market.
- Approval of the Regulations on the amount and criteria fixing the amount costs incurred and determined by the employer for the transport, meals and professional training of employees. The document sets the fiscal criteria for deduction of employer's expenses for the maintenance and professional development of employees, creating additional stimuli for investment into human capital.

Main problems identified

- Stimulation of economic operators to invest into the education of their employees on account of the public budget is an important step in the stimulation of economic activities in the country and creation of new qualitative jobs. At the same time, such stimuli, if not accompanied by continued reforms in the system of education, especially vocational education, will have marginal and short-term results.
- Rapid aging of the population will cause pressure on the system of social assistance and tension on the relations between generations. The solution to this problem is, besides the measures facilitating continued work of the elderly, the reform of the current system of retirement.

THE RIGHT OF ESTABLISHMENT AND COMPANY LAW

Major developments

- Draft law on modifying and supplementing some legislative acts was approved for Law no. 220-XVI of 19 October 2007 on the state registration of legal entities and individual entrepreneurs and Law no. 160 of 22 July 2011 on regulation through authorization of entrepreneurial activities. The modifications proposed in the draft law complete the procedure of registration of individual entrepreneurs and legal entities, bringing positive changes to the operation of 'one stop shops', including establishment of a single tariff for the registration of businesses.
- Law no. 131 of 8 June 2012 on the state control of entrepreneurial activities was modified and supplemented in order to exclude collisions with some sector-specific documents. Thus, the main modifications include specification of areas of exception for special control bodies and the principles of planning, initiation and notification of control procedures.
- A set of legislative modifications has been developed to simplify the procedure of voluntary liquidation of businesses. Following these modifications, the period of voluntary liquidation will be halved and some legal collisions will be removed from the legislation.

Main problems identified

- Despite essential progress in the registration of businesses that Moldova has reached over the past years (an increase of 16 positions in this segment according to the Doing Business 2015 rating), it is still behind in other important aspects related to business management, particularly, protection of the rights of shareholders, especially minority shareholders, which should become a priority for the Government. This fact is also confirmed by our country's poor performance in the corresponding section of Doing Business 2015, where it dropped 1 point, to the 56th position.

COMPETITION POLICY

Major developments

- The concept of the Automated Information System "State Aid Register of Moldova" has been developed to ensure the realization of requirements in Law no. 139 of 15 June 2012 on state aid through the creation of an information mechanism for recording, reporting and processing relevant information by public authorities.
- The Competition Council has launched the State Aid Register. This information system will be used to centralize the processes of storage, processing and analysis of information about state aid measures, its providers and beneficiaries, and sector-specific statistics on the allocation of the aid.

Main problems identified

- The process of allocation of state aid, due to endemic corruption in the public sector, is still non-transparent, leading to sub-optimal allocation of limited public resources and distortion of the competition environment in the country.

STATISTICS

Major developments

- The population and housing census has been conducted in Moldova based on the methodological and organizational principles developed by the National Bureau of Statistics in compliance with the Conference of European Statisticians Recommendations for the 2010 Population and Housing Censuses adjusted to the realities of Moldova.
- The E-reporting system for four monthly statistics questionnaires has been tested and launched. To maximize the usefulness of the E-reporting system for the businesses and institutions that receive statistical data, it has been integrated into the single reporting portal at national level.

Main problems identified

- Despite the progress reached in the digitalization of the statistical reporting mechanism, there still is a lot to do to finalize this process. Given the importance of statistical data for economic planning and the cost of the reporting process for businesses, it is imperative to accelerate the process of transition to electronic reporting in all possible branches of economy.

INDUSTRIAL POLICY

Major developments

- Moldova has signed the Agreement on participation in the program for the competitiveness of small and medium-sized enterprises (COSME) for 2014-2020 with the EU, and it has been the first Eastern Partnership country to join this program.
- The Law on promotion of the use of renewable energy has been approved, aiming to diversify primary energy resources in the medium term and to stimulate innovation in this sector.
- The Regulations on the requirements of energy labeling of energy-related products have been approved. The document transposes into the national legislation the provisions of Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labeling and standard product information of the consumption of energy and other resources by energy-related products.
- The natural gas sales contract has been signed between Moldova and Romania. The countries' signatories were companies Energocom and OMV Petrom Gas. This project involves the extension, in 2015, of the Iasi-Ungheni gas pipe to Chisinau.
- Moldova has signed the Contribution Agreement with the European Bank for Reconstruction and Development (EBRD) concerning our country's participation in the Eastern Europe Energy Efficiency and Environmental Partnership (E5P). As a result, Moldova will be able to benefit from financial assistance in the amount of EUR 20 million to increase energy efficiency in national economy.

Main problems identified

- The existence of structural deficiencies in the energy sector, such as corruption, non-transparent decision making, limitation of competition and involvement of various groups of interest into trade with energy

resources generate major risks for an efficient transfer of sector-specific legislative initiatives and for maximization of energy efficiency.

- The Iasi-Ungheni gas pipe project has been put into operation with a delay, and the gas supply contract has also been delayed. In this context, given the dynamics of this project, we may say that Moldova will continue being dependent on the import of natural gas from the Russian Federation.
- Progress in the energy sector depends on the transposition of provisions from the Association Agreement and the Energy Community Treaty, primarily Third Energy Package. The process of transposition of this document slowed down in recent years and undermines the efforts of de-monopolization in the sector and increase of energy efficiency and security.

PUBLIC HEALTH

Major developments

- The National Program for prevention and control of HIV/AIDS and sexually transmitted diseases for 2014-2015 has been approved. The development of the program and its modification with proposals of national and international experts will allow Moldova to apply to the Global Fund grant for the support of the national response to HIV/AIDS in the period of transition towards a new pattern of funding for the sector.
- The National Food and Nutrition Program for 2014-2020 and the Action Plan for 2014-2016 for the implementation of the Program have been approved. The final goal of the Program is to create, by the end of the decade, a functioning and efficient national system of surveillance, monitoring and evaluation in the field of nutritional health, nutritional status and key influence determinants.
- The National Program for Prevention and Control of Cardiovascular Diseases for 2014-2020 has been approved, with the main goal of increasing life expectancy and reducing cardiovascular mortality with 10% by 2020, given that these diseases are the main source of mortality in 56% of all deaths in the past ten years.

Main problems identified

- The problem of diseases caused by inadequate food consumption is still important for the population of Moldova, where the food consumption pattern characteristic to poor countries is predominant. Also, the current system responsible for nutritional health is fragmented and dependent on external donations, and the majority of monitoring indicators cannot be sufficiently disaggregated in order to assess their dynamic and to analyze the problems related to inequality.
- Despite the recent infrastructure development of the public health system, the discrepancies in the access of qualitative health services between the country's regions are still present. Also, the information system of collection and processing of data, as well as the registers on some diseases, have not yet been finalized.

MACROECONOMIC AND MACRO FINANCIAL POLICIES

Major developments

- The Law on public finances and budget and fiscal responsibility has been approved and it shall replace the old Law on the budget system and the budget process. The new version of the document includes some quantitative criteria for the evaluation of the quality of fiscal and budget policy and minimization of its discretionary nature.

- The Government adopted the “Medium-Term State Debt Management (2014-2016)” program, which sets the main objectives for funding the state budget by attracting low-cost and low-risk loans.
- The development of the Medium-Term Budget Framework (2016-2018) has been initiated according to the budget calendar. This document ensures the continuity of the medium-term fiscal and budget policy and it is based on the main strategic documents for the development of Moldova.

Main problems identified

- A major problem of the National Public Budget is, besides the increase of deficit, the structure of new expenditures. Particularly, the increase of salaries for the public sector (mainly in electoral years) is not followed by optimization and qualitative adjustment of this sector.
- Despite the initiation of medium-term planning of the fiscal and budget policy, authorities have had some arrears in the Public Budget for 2015. Thus, the poor functioning of the Parliament before and after the parliamentary elections led to non-approval of the budget within the deadline set by the law.

FINANCIAL SERVICES

Major developments

- Amendments have been approved to the Law on guaranties and to other laws with related regulations. The approved modifications have the goal to facilitate access to credits by reviewing regulations concerning movable guaranties. Thus, the adjustment of the current legal framework will enable extension of the range of goods that can be objects of movable guaranties and extend the publicity regime and establishment of priorities among creditors.
- The National Commission for the monitoring and coordination of activities improving access to funding has had its operational regulations approved. This authority will have a consultative status and it will monitor and coordinate the activities aimed at improving economic operators’ access to funding.
- Modifications to the Law on financial institutions no. 550-XIII of 21 July 1995 have been approved, attributing a greater role to supervisory authorities in terms of early involvement into the process of modification of the shareholders’ frameworks and subsequent monitoring of changes in them.
- Draft Regulations on the financial monitoring of state-owned/municipal enterprises and companies whose integral or majority capital is public have been approved. The approval of new Regulations has the final goal of improving audit and financial monitoring of state-owned enterprises, significantly broadening the volume of the analyzed data on the economic and financial standing of those entities.

Main problems identified

- Although Moldova has had the most spectacular progress in terms of access to funding according to Doing Business 2015 (76 points more than in 2014), there are many opportunities to improve this area. Thus, in terms of credit history development indicators, number of population and businesses covered by the registers of private or public credit agencies, as well as public availability of this type of information, our country is still behind other countries in the region.
- Recent serious violations of financial rules and legislation (e.g. forced transfer of share packages or underperformance of some commercial banks’ administrators) have affected people’s trust in the banking system. Thus, nominal adjustment of the regulatory framework with the goal to prevent new violations will have a positive effect only as a result of qualitative improvement of the public institutional framework of management and justice.

- State-owned enterprises, despite periodical monitoring and audit, do not submit the same exhaustive amount of financial data as private companies. Also, information transparency of these entities is still quite low, and it is nearly impossible to find open data about the economic and financial standing of most of them.

FINANCIAL CONTROL AND RELATED ASPECTS

Major developments

- The Court of Accounts has conducted verifications at a large number of central and local public institutions and state-owned enterprises. As a result, it published a set of audit reports on the use and management of public funds. The verifications revealed inconsistencies, errors and failures to comply with previous verifications conducted by the Court of Accounts in all these institutions, and recommendations to remedy the situation were proposed.
- Activities within the project “Capacity Building for the Court of Accounts of Moldova”, funded by the World Bank, have been launched. As part of this project, the public audit authority shall be aided by the KOSI Corporation and by individual consultants in order to strengthen institutional capacities and improve the efficiency of audit activities.

Main problems identified

A persistent problem in the relations between the Court of Accounts and the monitored institutions is failure to comply with the recommendations that follow verifications. It reveals the controlling authority’s limited capacities to enforce and monitor the recommendations. Without drastic improvement of the quality of the institutional framework in the justice sector, it will be nearly impossible to change the deep-rooted tendencies.

CIRCULATION OF CAPITAL AND CURRENT PAYMENTS

Major developments

- The National Bank developed draft Regulations on the money market operations of the National Bank of Moldova. The new regulations are intended to gradually adjust the legal framework concerning money market operations to the standards of the European Central Bank.
- The administrative board of the National Bank of Moldova approved modifications and supplements to the Instruction on the procedure of preparing and submitting reports by banks for prudential purposes. These modifications follow approval of Law no. 180, which transposes international institutions’ recommendations on strengthening the central bank’s institutional capacities into the national legislation.
- The Convention on avoidance of double taxation of income between Moldova and Malta has been ratified. The Convention sets tax quotas withheld at the source of payment for economic operators in both countries, for each type of fee and tax.

Main problems identified

- Despite efforts to improve the regulatory framework and institutional capacities of the National Bank of Moldova, the banking sector is still susceptible to deficiencies in the country’s judiciary system. The banking regulator practically has limited competences in combating negative processes at the level of the banks’ corporate administration and protecting shareholders from forced transfer of share packages.

FUNCTIONAL MARKET ECONOMY

Major developments

- The Government approved draft Government Decision on the creation of the Competitiveness Council. The Council shall coordinate, monitor and evaluate the activities of the central public administration in the implementation of the Roadmap for improvement of competitiveness in Moldova.
- Draft law on market surveillance has been approved; it was developed on the basis of Regulation (CE) no. 765/2008 of the European Parliament and of the Council of 9 July 2008 and Law no. 420-XVI of 22 December 2006 on regulatory activities. The law on market surveillance imposes clear rules for market surveillance in terms of compliance of non-food goods with the basic requirements of the technical regulations of relevant authorities.
- Regulations on the National Commission for the monitoring and coordination of activities to improve access to funds have been approved. The commission shall coordinate and monitor public institutions' activities in order to improve access to funds in the real sector of economy.

Main problems identified

- The main challenges for the Competitiveness Council and implementation of the Roadmap include the poor quality of the public institutional framework, predominance of group interests within the Council and lack of progress in other components of improvement of the business environment, including persistence of corruption.
- Although Moldova has had a positive dynamic over the recent years in terms of access to credits, having risen 76 positions in this segment of Doing Business 2015, there still are some gaps in the national financial system. Thus, the recent worsening of the situation in the banking sector creates major risks for the real sector of economy as well. At the same time, the underdevelopment of the non-banking sector in Moldova contributed to excessive dependence of businesses on bank credits, significantly worsening the consequences of banking crisis.

COMMERCIAL RELATIONS

Major developments

- The Association Agreement with the EU was signed in June 2014, providing for creation of a Deep and Comprehensive Free Trade Area (DCFTA). By now, the Agreement has been ratified by Moldova, the European Parliament and the national parliaments of 13 EU Member States. In the first period of the provisional implementation of the DCFTA (September-October 2014), exports to the EU have grown: wines (+26%), apples (x2.7 times), plums (x8.1 times), grapes (x5.8 times), frozen sweet corn (over x3 times) and cereals (+77%)¹⁵. Overall, Moldovan exports to the EU have grown with 9.6%, and the weight of the EU in total exports increased to 53% in 2014.
- The following have been adopted: Law no. 172 of 25.07.2014 on approval of the combined nomenclature of goods; Government Decision no. 971 of 17.11.2014 on approval of the Regulations for the administration of tariff quotas for the import/export of goods to/from Moldova.

Main problems identified

¹⁵ Expert-Grup, Analytical note, First tangible results of the Association Agreement with the EU, November 2014, <http://expert-grup.org/ro/biblioteca/item/1045-rezultate-aa&category=7>

- Products of animal origin fail to meet European sanitary and phytosanitary requirements, which restricts their access to European markets. Also, it is important to continue capacitating Moldovan exports in order to capitalize on the preferential quotas offered by the preferential trade regime with the EU.
- Poor competitiveness of local manufacturers (ratio between price and quality), especially in the agricultural food production sector, non-compliance of the quality infrastructure with European standards and lack of connection to supply chains at European level create difficulties for Moldovan exporters interested in the EU market. At the same time, there still are problems related to slow familiarization of Moldovan manufacturers with the requirements of the European market (technical regulations, export procedures, European information instruments for facilitation), limited management capacities in the exports field and other difficulties related to communication abilities and promotion of products (marketing, PR), limited and insufficiently prepared human resources.
- Failure to identify a viable solution to attract the Transnistrian region into the process of implementation of the DCFTA.
- Preliminary implementation of the DCFTA took place in the context of reduction of the amount of exports towards the Commonwealth of Independent States as a result of commercial bans applied by Russia and economic instability between Russia and Ukraine.

THE CUSTOMS SERVICE

Major developments

- Law no. 172 of 25.07.2014 on approval of the combined nomenclature of goods has been adopted.
- The Government adopted the following decisions: Government Decision no. 971 of 17.11.2014 on approval of the regulations for the administration of tariff quotas on the import/export of goods to/from Moldova; Government Decision no. 761 of 17.09.2014 on completion, authentication, issuance and subsequent verification of certificates of preferential origin of goods.
- The Customs Service adopted the following orders: Order no. 483-O of 13.11.2014 on approval of methodological norms for the verification of applicants for and holders of the Certificate of Authorized Economic Operator (AEO) and Authorization to use simplified procedures; Order SV no. 412-O of 23.10.2014 on approval of technical norms for completion of certificates of preferential origin of goods.
- An online database with information about tariff quotas for 2015 has been created, which allows informing exporters about the unexploited volume of products that can be exported to the EU without paying customs duties.
- There has been some progress in the implementation of the concept of electronic customs clearance (e-Customs). The share of exports documented electronically exceeded 30% of total exports. At the same time, about 90% of export customs declarations have been completed in the green clearance corridor, where exporters are practically exempt from customs control of goods. The number of authorized economic operators that benefit from fewer customs controls and priority completion of documents is about 70 enterprises.

Main problems identified

- Although according to Transparency International Moldova¹⁶, the Customs Service is in 4th place (out of total 20 institutions) in the category of quality of anticorruption policies applied in 2013, the public opinion still associates it with the phenomenon of corruption. Improvement of public perception requires an as large as

¹⁶ Transparency International Moldova, Monitoring of anticorruption policies in central public authorities in 2013, <http://www.transparency.md/files/docs/Raport%20monitorizare%20politici%20APC%20rom.pdf>

possible application of the concept of electronic customs clearance and of instruments for integrity testing of Customs Service employees, with subsequent application of sanctions and, accordingly, dismissal of the personnel involved in acts of corruption. Also, it is necessary to increase transparency in the work of the Customs Service, particularly in customs posts at the border.

STANDARDS, TECHNICAL REGULATIONS, AND CONFORMITY ASSESSMENT PROCEDURES (HARMONIZED AREAS)

Major developments

- The National Standardization Institute (NSI) has become an affiliated member of the European Committee for Electrotechnical Standardization (CENELEC) and observer of the European Telecommunications Standards Institute (ETSI), thus facilitating adoption of European standards.
- The regulatory framework in the metrology field has been reviewed in order to enable a 15-25%, and sometimes over 25%, reduction of prices for the services provided by the National Institute of Metrology.

Main problems identified

- The national system of accreditation did not manage to align to the requirements necessary to join the European co-operation for Accreditation Multilateral Agreement (EA MLA), revealing the existence of some deficiencies in ensuring the quality of products.
- Despite positive dynamics in the adoption of European standards and renunciation of outdated or contradictory standards (GOSTs), it is still a challenge for authorities. Reticence persists among persons responsible for the quality infrastructure and among economic operators, which is related to the adoption of European standards whose implementation involves high costs and to close connections with markets in the Commonwealth of Independent States, where inter-country standards (GOST) are widely applied. However, authorities have standardization commitments that derive from the Association Agreement¹⁷, which include adoption of European standards (about 2,500 per year in the period of 2014-2020), along with annulment of conflicting national standards, mainly made up of GOSTs. Also, according to the Agreement, necessary actions must be undertaken to obtain the status of member with full rights in European standardization bodies, which means adoption of about 80% of European standards or about 18,000 out of the about 22,000 total¹⁸. According to the NSI, the number of European and international standards is 9,620, or 35% of total national standards (27,243), while the number of GOSTs is 16,954¹⁹ (about 60%).

17 Expert-Grup, Adoption of European standards and situation in the agricultural food production sector: challenges and opportunities, 12 September 2014, <http://expert-grup.org/ro/biblioteca/item/1010-adoptarea-standardelor-europene&category=7>

18 Expert-Grup, Analytical note: Opportunities of European standards and destiny of GOSTs, 22 September 2014, <http://expert-grup.org/ro/biblioteca/item/1017-na-standarde-europene>

19 NSI, Aspects of contradiction in Moldovan standards, 2014, http://www.standard.md/public/files/anunt/Studiu_editat.pdf

ELIMINATION OF RESTRICTIONS AND ADMINISTRATION OPTIMIZATION (NON-HARMONIZED SECTORS)

Major developments

- The working group for the regulation of entrepreneurship has had periodical meetings, discussing regulatory and legislative acts and impact analyses for these documents in various areas that are directly or indirectly relevant for entrepreneurship (customs procedures, standards of goods, etc.).

Main problems identified

- Although the agenda of the working group for the regulation of entrepreneurship is publicly available on the website of the Ministry of Economy, it is impossible to assess the impact of its activities, the level and quality of participation of this group's members, or the degree of connections with the civil society.
- The visibility of the WTO Notification and Information Centers created according to Government Decision no. 560 of 01.08.2012 is still limited. In the context of signing and provisional implementation of the Association Agreement, which includes the DCFTA, it is necessary to revive the visibility and transparency of these centers in order to fulfill commitments related to the WTO and functions within DCFTA.

SANITARY AND PHYTOSANITARY ISSUES

Major developments

- Regulations on the creation and operation of the 'one stop shop' desk to issue phytosanitary certificates for export/re-export has been approved; they simplify the procedures of issuance of the phytosanitary certificate for export and reduce with over 50% the number of documents required from economic operators. It will contribute to a 70% reduction of the cost of phytosanitary certificates and a 50% reduction of waiting time.
- The e-ANSA system has been developed to ensure efficient surveillance of import-export activities in the context of meeting sanitary and phytosanitary requirements.
- The National Food Safety Agency (ANSA) benefited from trainings on the use of TRACES, which is an information system for the registration, validation and control of veterinary documents. This system is coordinated by the European Commission and made available for EU Member States and for third countries that export livestock or animal products in EU Member States.
- Collaboration has been established with quality infrastructure institutions from Romania, and contracts have been signed for the testing of Moldovan food products in the neighbor country's laboratories.
- DG SANCO initiated the process of evaluation of the state control system in the field of regulation of products of animal origin, particularly eggs.

Main problems identified

- The deficiencies of the quality infrastructure in the dimension of production, testing and certification of products of animal origin are disturbing the exports of products of animal origin to the EU market and to other non-traditional external markets.
- The ANSA still needs considerable efforts to strengthen institutional capacities in order to ensure efficient control of the quality of products in export and import.
- There are no simple and clear (in terms of language and content) communication instruments to inform Moldovan manufacturers about requirements they have to meet in order to fully use the opportunities of exports to European markets.

INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS

Major developments

- Law no. 114 on AGEPI (State Agency for Intellectual Property) entered into force, which provides for a new aspect for the national legislation, particularly, general rules concerning intellectual property and objects of intellectual property.
- It has been decided to include four geographical indications registered in 2013 (“Codru”, “Valul lui Traian”, “Divin” and “Stefan Voda”) into the annexes to the Agreement with the EU on the protection of geographical indications for agricultural products and foodstuffs, which shall ensure their promotion and protection on the territory of the EU.
- The launch of the e-AGEPI electronic service will enable electronic submission of applications for the registration of objects of intellectual property (trademarks, patents, industrial designs, works, phonograms and other objects of intellectual property).
- AGEPI conducted a series of trainings on the registration of PGI, PDO and TSG, the role of inspection and certification bodies and of groups of manufacturers, the set of documents necessary for obtaining protection under protected geographical indications (PGI), protected designations of origin (PDO) and traditional specialities guaranteed (TSG) in Moldova, as well as their promotion.

Main problems identified

- There is a small number of titles of protection of local products, which is determined by the small interest of local manufacturers as a result of insufficient knowledge about the advantages of the PGI, PDO and TSG in the selling of traditional national products on the EU markets. At present, there are registered two PDOs (*Ciumai* and *Romanesti*), three PGIs for wines (*Valul lui Traian*, *Codri* and *Stefan Voda*) and one PGI for brandy (*Divin*). At the same time in Georgia there are about 30 registered PGIs and PDOs protected at the local level and internationally, and there are 3,400 PGIs in the EU.

SERVICES

Major developments

- According to the Association Agreement with the EU, parties agreed to ensure non-discriminatory treatment in provision of cross-border services. However, liberalization in the services sector is not exhaustive, containing certain limitations in access to the market and national treatment (Article 212). Thus, EU Member States have maintained a number of restrictions for the services and service providers from Moldova in such areas as legal services, accounting, tax counseling, architecture services, engineering, medical services, etc. (Annex XXVII-B). At the same time, there are some limitations applied to operators from the EU, e.g. for international mail services, where the monopoly of the “Posta Moldovei” State Company is recognized (Annex XXVII-F).

Main problems identified

- Despite significant improvements in the regulatory framework of public procurement, there still are discriminatory provisions concerning foreign economic operators. Thus, although the Law on public procurement specifies the principle of non-discrimination, the Regulations on the procurement of goods and services by requesting price offers of 2008 (p. 13) allow favoring local economic operators.
- Also, some aspects of the Tax Code might create situations of discrimination (Title 3, article 104, letters “f” and “g”). Thus, the Code stipulates that the services and goods delivered to/from the Free Economic Area in contrast with the rest of the Moldovan customs territory are subject to zero VAT. In addition, the Code gives

the Ministry of Economy the right to approve the list of light industry enterprises providing services that can benefit from zero VAT.

MOVEMENT OF PERSONS, INCLUDING MOVEMENT OF WORKERS, AND COORDINATION OF SOCIAL SECURITY POLICIES

Major developments

- Regulation 539/2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders of the Schengen Area has been reviewed, so that Moldovan citizens with biometric passports can freely circulate in the EU and in the Schengen countries (except the UK and Ireland) for short visits (90 days within 180 days). Over 350 Moldovan citizens made use of the liberalized visa regime with the EU since it entered into force (within the first 9 months).
- Integrated State Border Management Strategy 2015-2017 has been adopted, supporting the efforts of implementation of the Action Plan for the liberalization of the visa regime with the EU.
- A bilateral agreement in the area of social security has been signed with Lithuania, and negotiations have continued with Latvia.

Main problems identified

- Bilateral agreements in the area of social security have not been signed with the European countries that were a long time among the main destination of Moldovan emigrants (especially before 2009), such as Italy, Greece and Spain.
- Although the circulation of persons on the basis of the visa-free regime is a controllable process, the prevention of abuses from citizens is a major priority for authorities in order to ensure the continuity of the visa-free regime with the EU. Particularly, it is imperative to counteract illegal attempts to use visa liberalization to work in the EU Member States, implicitly in the Schengen countries.
- Moldova-Russia intergovernmental agreement on collaboration in the field of migration, finalized in 2013, remained unsigned in 2014. According to Moldovan authorities, Russia requested that the agreement be signed "in a package" with other two documents: intergovernmental agreement on combating illegal migration and intergovernmental agreement on readmission.

TAXATION

Major developments

- A convention to avoid double taxation and prevent income tax evasion has been signed with Malta.
- The development of the Medium Term Budget Framework for 2016-2018 has been initiated.

Main problems identified

- Conventions to avoid double taxation and prevent tax evasion have not been signed with the majority of the EU Member States (including France, Greece and the Netherlands), which might hinder the attraction of European investments.

PUBLIC PROCUREMENT

Major developments

- New amendments have been produced for the Law on public procurement, referring to electronic auctions and creation of the Agency for Solving Complaints. Also, it has been proposed to review criteria of attribution of public procurement contracts in order to give more flexibility to contracting authorities in the choice of offers (according to the smallest price criterion or the most advantageous offer from the technical and economic points of view).
- The list of contracting authorities that shall use public procurement procedures such as “Public auction” or “Request of price offers” exclusively via the “State Register of Public Procurement” information system, has been extended (from 98 to 149 institutions).
- It has become mandatory to indicate the tax code (IDNO) of contracting authorities and economic operators in the documents for procurement procedures that are sent for registration to the Public Procurement Agency (since 1 January 2015).

Main problems identified

- The field of electronic public procurement is still unexploited. The main existing problems include the lack of a well-defined strategy for the development of electronic procurement; lack of financial resources to promote the use of electronic procurement; insufficient information for economic operators on availability of electronic procurement; etc.²⁰
- Problems have been identified in the transparency of public procurement: sporadic publication of public procurements; limited access to information about the procurement process; no access to reporting documents (post-procurement stage); poor execution of public procurement contracts.
- Public procurement has been vitiated by numerous fraudulent schemes, including frauds related to non-execution of contract conditions, presentation of false documents and reports (during tendering, contract attribution and contract implementation), replacement of products stipulated in procurement contracts without informing the beneficiary and receiving their approval.

TRANSPORT

Major developments

- The Government has approved Decision no. 88 of 06.02.2014 on the implementation of number plates for public passenger transport vehicles. According to it, beginning on 1 September 2014, it became mandatory for passenger transport vehicles to have yellow number plates in order to improve safety in passenger transport and the quality of the services provided by economic operators in this sector.
- Regulations on the organization and operation of the automated traffic surveillance system (“Traffic control”) have been adopted. Also, the electronic service for transporters, “e-Authorizations”, has been launched, allowing transporters to pay online for the authorizations issued by the National Auto Transport Agency.
- The first mixed gauge rail terminal for oil products has been opened in the Giurgiulesti International Free Port, creating new opportunities for export-import operations with EU Members States, including via rail transport.

²⁰ Expert-Grup, Public Procurement in Moldova: Problems and Solutions, June 2014, <http://expert-grup.org/ro/biblioteca/item/969-achizitii-publice-moldova&category=7>

- The first naval export of cereals has been made on the Prut. Also, a memorandum has been signed with Romania on road and bridge building in the Prut River region.

Main problems identified

- Institutional transparency and quality of administration of the “Calea Ferata” State Enterprise have been the major problems unsolved in 2014. Deficiencies in the work of this state enterprise create major risks for the future efficient implementation of the agreement on funding for the project of its modernization, which involves EUR 52.5 million investment by EBRD, which will later be supplemented by financial assistance from the EIB.

INFORMATION SOCIETY

Major developments

- A number of online services have been launched: “Electronic declaration” for submission of income declarations and payment of income tax; “e-Invoice” for online issuance of invoices beginning in September 2014; “e-Traffic” for reception of notifications about traffic violations captured by surveillance cameras; “e-Visa” for facilitated acquisition of visas; “e-Reporting” for submission of electronic documents and reports by economic operators.
- The Government approved the decision on the governmental digital signature service (MSign), decision on piloting the inter-operability platform in order to ensure efficient inter-institution communication by facilitating data exchange among public administration authorities and among public institutions and state enterprises.
- The second stage of digitalization of acts of civil status that make up the archive of the Civil Registration Service has begun, involving additional digitalization of 9 million acts of civil status and extension of the number of acts that can be requested online (from 8 to 21 acts of civil status).

Main problems identified

- There has been limited interest in the websites of governmental institutions – 30% in 2014. It is more than in 2013 (22%) or 2012 (16%), but still below the 50% threshold. Also, only 15% of respondents highly appreciated their understanding of the e-government concept. In addition, there has been little understanding of the benefits of electronic government. Therefore, about 50% are uncertain whether the use of online public services should be recommended.²¹

21 Annual national survey: Perception, assimilation and support of e-transformation of government by population in Moldova, 2014, http://egov.md/images/info/FINAL%202014_RO_Sondaj_RaportAnalitic_eGov.pdf