



## **EXPERT-GRUP and ADEPT**

### **Authors:**

**Valeriu PROHNITCHI**  
**Alexandru OPRUNENCO**  
**Ana POPA**

**Igor BOTAN**  
**Sergiu BUSCANEANU**

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Assessment of progress in 4th quarter of 2007**

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## **ABBREVIATIONS AND ACRONYMS**

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PCA – Partnership and Cooperation Agreement;  
PACE – Parliamentary Assembly of the Council of Europe;  
NBM – National Bank of Moldova;  
NBMi – National Bureau for Migration;  
CCTP – Centre for the Combat of Trafficking in Persons;  
EUBAM – European Union Border Assistance Mission to Moldova and Ukraine;  
NBS – National Bureau for Statistics of the Republic of Moldova;  
CHRM – Centre for Human Rights of Moldova;  
EC – European Commission;  
CEC – Central Electoral Commission;  
ECHR – European Court of Human Rights;  
NCEI – National Commission for European Integration;  
CoE – Council of Europe;  
CIS – Commonwealth of Independent States;  
SCJ – Supreme Court of Justice;  
SCM – Superior Council of Magistracy;  
MIA – Ministry of Interior Affairs;  
MFAEI – Ministry of Foreign Affairs and European Integration;  
MID – Ministry of Information Development;  
IOM – International Organisation for Migration;  
OSCE – Organization for Security and Cooperation in Europe;  
EUMAP – European Union – Moldova Action Plan;  
ENP – European Neighbourhood Policy;  
PRGF – Poverty Reduction and Growth Facility;  
PGO – Prosecutor-General’s Office;  
SPSEE – Stability Pact for Southern Eastern Europe;  
RM – Republic of Moldova;  
CPA Reform – Central Public Administration Reform;  
LPA Reform – Local Public Administration Reform;  
EGPRSP – Economic Growth and Poverty Reduction Strategy Paper;  
BGS – Border Guard Service;  
EU – European Union;  
USD – U.S. dollar;  
4thQ-2007 – 4th<sup>rd</sup> Quarter of 2007.

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## METHODOLOGY

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Reports from Euromonitor series aim at an independent and fair monitoring of the process of implementation of the Moldova – European Union Action Plan. The actions taken and implemented by the signatory parties of the Action Plan are monitored every quarter.

The Euromonitor series is published in 2007 with the support of the Soros-Moldova Foundation within the project “Moldova – European Union Action Plan – Accessible document for the public (the 2nd phase)”. The monitoring methodology did not essentially change in comparison with the other 5 issues of Euromonitor which covered the developments in 2005-2006.

The progress in implementing the Action Plan is evaluated in the following key areas:

1. Political dialogue and democratic institutions;
2. Consolidation of administrative capacity;
3. Transnistrian conflict;
4. Justice;
5. Development and economic reforms;
6. Development and social reforms;
7. International trade;
8. Business climate;
9. Border, migration and trafficking in human beings.

Authors have tried to identify what they regarded as key progresses and main problems. However, this does not mean that certain important segments or accomplishments have not been covered by this analysis. The developers have worked out a list of quality and quantity indicators for every area in order to assess the progress. Independent experts in the area have been consulted in this context. The quantity indicators have been taken over from official statistics and other national and international reports. The quality indicators have been quantified on basis of assessments by experts or individual assessments by developers have been worked out. Every indicator was evaluated on the scale -2 to +2, as follows:

-2	Major regress;
-1	Moderated regress;
0	No changes;
+1	Moderated progress;
+2	Major progress;

The progress was calculated as a simple average of assessments by experts when experts have been interviewed. The evolution of indicators for every area is indicated in the proper monitoring grid. The grid indicates the evolution in the 4th quarter of 2007, factors that conditioned this evolution, practical impact of observed developments, circumstances that favour the future progress, the risks capable to compromise the progress, as well as the quantity of the progress.

The Action Plan is a document formulated in ambiguous terms. It represents a (unfinished) strategy rather than a proper action plan. Although the ambiguous terms and the lack of clear indicators could be politically advantageous, depending on circumstances, this situation complicates a comprehensive and fair monitoring process very much.

Therefore, the list of indicators formulated by developers to monitor the evolution of the Plan remains open for debates and recommendations of the public in continuation.

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## RESUME

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### *Political dialogue and democratic institutions*

The political dialogue between the European Union and Moldova was dynamical in continuation in the 4<sup>th</sup> Quarter of 2007. The approval of the visa facilitation and readmission agreements was the key progress in relations between the Parties. The adoption of the communication strategy on European integration of Moldova by Government was another progress with potential implications on the E.U.-Moldova dialogue. In addition, Moldovan and European high-ranking officials visited Brussels and Chisinau and E.U.-Moldova cooperation organisations had meetings in the 4<sup>th</sup> quarter of 2007. On these and other occasions, Moldova has tried to persuade the E.U. that it is ready to begin negotiations on a new relationship framework. As the EUMAP potential was not fully used in the first three years of implementation, the Commission recommended the extension of the implementation term of this document with one more year.

Moderate accomplishments observed in the field of democratic institutions in the 4<sup>th</sup> quarter of 2007 include among others: the ratification of international human rights tools; rise of allocations for children in need; negotiation of agreements on cooperation with civil society and development of the dialogue between authorities and CoE. On the other hand, the main problems concern the formal cooperation between authorities and civil society; intimidation of a team of the PRO TV Chisinau channel by policemen; sentencing of Moldova in a record number of cases (31) by the ECHR; delayed adoption of regulations in the field.

### *Consolidation of administrative capacity*

A *minimal progress* was observed in this area. Authorities took measures to implement the CPA Reform in specific fields, in particular, formation of analytical structures, internal reorganisation, training, reduction of inspection personnel (but these changes were unplanned and they were operated at indication). Most of *shortcomings* were not remedied: incapacities, delayed planned measures, ad-hoc approaches, politicising of public administration, low use of modern IT, non-transparency, low confidence of population toward authorities, staff fluctuation, high corruption rate, and faulty management of public funds.

*Evolutions* in the LPA field are as follows: the allocation of funds for regional development, training and certain measures to implement previous laws. *Shortcomings* are linked to the lack of a strategic approach of reforms in the field, delayed enforcement of earlier adopted laws and adoption of new regulations, selective treatment of administrations by central government, obstacles from control bodies, and law capacities of local functionaries and insufficient use of IT.

The combat of corruption is a *priority* for public authorities, legal-normative framework is improving, cooperation with international organisations and civil society is developing, training and monitoring measures are being taken, guilty functionaries are punished in continuation. The Anti-Corruption Strategy is being cogently implemented, the law on prevention and combat of money laundering and financing of terrorism entered into force. Measures aimed to enhance the transparency are being promoted. The following *shortcomings* were observed: delayed updating of the legal-normative framework and ineffective elaborations, non-transparency of central and local authorities. Anti-corruption efforts are insufficient (studies, surveys, statements) and sever punishments on corruption charges are seldom applied.

### *Transnistrian conflict*

Efforts of Moldovan authorities, mediators and observers aimed to restart political negotiations on Transnistrian conflict have failed. The E.U.-Ukraine summit took notice of Ukraine's important contribution to Transnistrian settlement efforts, in particular, by implementing the single customs regime at the Moldovan-Ukrainian border and constructively cooperating with the E.U. Border Assistance Mission (EUBAM) to Moldova and Ukraine. The European Parliament has adopted a resolution on human rights in the Transnistrian region, condemning the violation of human rights and fundamental freedoms in the region and calling upon the E.U. to participate more actively in settlement efforts. The greatest progress was achieved in continuation thanks to the EUBAM, which helped work out and implement the mechanism on basis of which Transnistria-based economic agents enjoy European trade preferences.

The 15th OSCE Ministerial Meeting failed this year again to adopt a final declaration and a regional statement on Moldova. The „Five-Plus-Two” negotiation mechanism is blocked in continuation, while the Russian Federation has resumed the financial assistance for the Transnistrian region. President Voronin has discussed the Transnistrian problem with high-ranked European officials in Brussels, while EUSR for Moldova ensured a permanent dialogue between Moldovan authorities and EU institutions concerning the Transnistrian conflict. The EU, the OSCE, the US and Ukraine backed the initiatives by President Voronin aimed to strengthen the confidence and security, but their implementation is uncertain so far because Tiraspol is not interested. The EUBAM continued to achieve progresses, as it helped securing the Moldova-Ukraine border and implementing the single customs regime and legalising Transnistria-based economic agents.

## **Justice**

Like previously, *progresses* are related to the updating of the legal-normative framework. New programmes and strategies were launched, terms of examination of cases were reduced, measures aimed to enhance the transparency and prevent corruption were promoted, foreign assistance increased, the National Institute of Justice has started working, thematic training actions took place. Measures aimed to enforce some laws (on mediation, state-guaranteed legal assistance) were taken, the number of inmates decreased, certain actions were eliminated from the list of offences, and the situation in prisons is permanently monitored. Most of *problems* observed in this area were not resolved, in particular, the delayed execution of institutional, legal and normative measures; changes in the justice sector are not observed, confidence of people towards the judiciary is low; meddling of dignitaries in proceedings and judicial persecution of political opponents are signalled in continuation; transparency is still low. The number of cases is too high, quality of other legal bodies did not improve much, and the execution of rulings is unsatisfactory. Prisons still need large investments, while allocations are insufficient to ensure appropriate detention conditions.

## **Development and economic reforms**

The National Bank of Moldova slowed down the price rise pace in the 4<sup>th</sup> quarter of 2007 by increasing the basic interest rate and the mandatory reserves for deposits in lei and freely convertible currency. However, evolutions in the 3<sup>rd</sup> quarter, the last summer drought and higher electricity tariffs affected the population. Therefore, the Government approved a draft law on social protection measures for population in connection with higher electricity tariffs.

The economic growth is based in continuation on large remittances which support the consumption and deepen the trade deficit. But their rise pace declined in the 4<sup>th</sup> quarter. At the same time, the industrial production in 11 months of 2007 and agricultural production in 9 months of last year decreased compared with the same periods of 2006.

## **Development and social reforms**

No significant progresses were observed in the social dialogue on employment policies in the 4<sup>th</sup> quarter of 2007. As regards the social protection sector, the adoption of functioning regulations of the commission for the protection of the child in need and professional parent assistance services will help but not ensure the implementation of the strategy on reformation of the residential child care system. The Ministry of Health promoted the national programme on combat of viral hepatitis B, C and D for 2007-2011. This programme is very necessary, given the economic and social costs associated with viral hepatitis. Thus, directly measurable financial costs (cost of treatment plus losses suffered by budget because of the absence of patients at work) were estimated at 266.5 million lei, which is 0.2 percent of the GDP registered in the period concerned.

## **International trade**

Trends of the foreign trade in the 4<sup>th</sup> quarter of 2007 varied between stagnation and progress. On the other hand, authorities failed the plenary implementation of the "one-stop-shop" principle as regards customs procedures.

As regards the evolution of trade inflows, the trade deficit has increased in continuation. A strong restructuring of Moldovan exports in terms of geographical direction and assortment was also observed. The awarding of the Autonomous Trade Preferences and resumption of wine exports to the Russian Federation will support the growth of Moldovan exports in future. The adoption of European quality standards and development of these laboratories will keep being a priority direction for Moldovan authorities in the near future as well.

## **Business climate**

The National Auditing Standard 545 called "Audit of assessments and revelations of true elements from financial reports" and the National Internal Audit Standards enforced on January 1, 2008 were approved in late 2007. The adoption of amendments to the law on basic principles of entrepreneurship in the final reading and its enforcement on January 1, 2008 was another important event well-expected by the private sector. But a recent study by The Heritage Foundation and The Wall Street Journal concerning economic freedoms ranked Moldova on a lower place, signalling problems related to issuance of licences and certificates.

Accordingly to the law on management and privatisation of public property # 121-XVI from May 4, 2007, the Stock Exchange held Dutch auctions in November and sold state securities in 33 societies.

## **Border, migration and trafficking in human beings**

*Progresses* are linked to the growth of assistance, cooperation between agents, continuation of the EUBAM mission, training of employees and other subjects concerned, enforcement of earlier adopted laws and promotion of new agreements with the E.U. (on visa issuance and readmission), active measures against trafficking in human beings. *Shortcomings* consisted of the delayed adoption of the state border guard concept and other planned actions, shortage of funds, rise of the number of migrants.

## 1. POLITICAL DIALOGUE AND DEMOCRATIC INSTITUTIONS

### Political dialogue: general assessments

- The 10<sup>th</sup> meeting of the E.U.-Moldova Parliamentary Cooperation Committee (PCC) took place on October 1-2, 2007. It approved a statement and made recommendations to the E.U.-Moldova Cooperation Council. The document reiterates the need of consolidating Moldova's efforts to implement democratic reforms in some areas such as respect for human rights, freedom of the media, rule of the law; it stressed that Moldova's prospects to join the E.U. keep staying open; it called for the resumption of the "Five-Plus-Two" negotiations on Transnistrian conflict, etc.
- E.U. and Moldova signed the facilitated visa and admission agreements in Brussels on October 10, 2007. On October 14, European Commission Vice-President Franco Frattini handed in the two agreements to President Vladimir Voronin in Chisinau. The Moldovan Parliament, European Parliament and E.U. Council approved the documents in November 2007.
- Chisinau hosted the 8<sup>th</sup> Meeting of the E.U.-Moldova Cooperation Committee on October 25, 2007. It focussed on the implementation of EUMAP objectives. European officials noted that Moldova has made great legal progresses and reiterated the importance of ensuring the implementation of adopted legal and normative acts. Deputy Minister of Foreign Affairs and European Integration Valeriu Ostalep has told a news conference after the official meeting that that the name of the new framework-agreement with E.U. is less important for Moldova but it is expected to help Moldova anchor the area of the four E.U. circulation freedoms.
- The first meeting of E.U. and Moldovan democracy and human rights experts took place on October 26, 2007. It tackled topics such as the freedom of expression, freedom of association and meeting, development of civil society, election legislation, political parties, etc.
- European Parliament Vice-President Miguel Angel Martínez Martínez was on an official visit to Moldova in late October 2007. Talks between the European official and Moldovan dignitaries focussed on various issues, from travelling to E.U. by Moldovan citizens to the Transnistria settlement. The EP vice-president is ready to help extending the interparliamentary dialogue, which may enhance Moldova's visibility in Europe and facilitate the inclusion of Chisinau's priorities on European agenda of talks. In this regard, the Moldovan side is interested to organise working visits by Moldovan parliamentarians to E.U.
- Brussels hosted the COEST EU-Moldova Troika Meeting on November 21–22. It focussed on E.U.-Moldova relations, EUBAM, Transnistrian conflict and internal developments in Moldova. On that occasion, Valeriu Ostalep, deputy minister of foreign affairs and European integration, met European officials. Meetings of the Moldovan official were part of Moldova's effort to persuade its European partners to support its desire of succeeding to a new quality relationship with E.U. Ostalep reiterated that Chisinau authorities are interested to begin negotiations on a new legal document, which would allow Moldova to gradually join the E.U. four-freedom area.
- The December 5-6, 2007 visit by President Vladimir Voronin to Brussels was the key event in Moldova-E.U. relations in the 4<sup>th</sup> quarter of 2007. In the residence city of many European institutions Voronin met European commissioners, including Mrs. Benita Ferrero-Waldner, European commissioner for external relations and European Neighbourhood Policy; Javier Solana, E.U. high representative for the common foreign and security policy and E.U. Council secretary-general; EP President Hans-Gert Pöttering.

Voronin's visit to Brussels aimed to sum up accomplishments of the Moldova-E.U. cooperation in the last years and make clear possibilities to further cooperate with E.U. institutions. Although he stressed that he did not visit Brussels to negotiate Moldova's perspective to join the E.U., many observers noted that the visit of the Moldovan president to E.U. institutions aimed to assure that Moldova keeps staying dedicated to its European course and persuade European officials to give the chance to Chisinau to succeed to a new quality relationship with E.U.

- The European Commission released the Communication "A Strong European Neighbourhood Policy" on December 5, 2007.<sup>1</sup> The document recommends the roll-over with one more year of the Action Plan for Moldova and similar documents for Ukraine and Israel, which have an implementation deadline in early 2008.
- Brussels hosted the 6<sup>th</sup> Meeting of the Moldova-E.U.-Ukraine on December 14, 2007. The agenda included issues related to the new customs regime introduced between Moldova and Ukraine after the signing of the

<sup>1</sup> European Commission (2007), *Communication from the Commission A Strong European Neighbourhood Policy*, Brussels, 05/12/2007, COM(2007) 774 final, [http://ec.europa.eu/world/enp/pdf/com07\\_774\\_en.pdf](http://ec.europa.eu/world/enp/pdf/com07_774_en.pdf).



Joint Declaration by prime ministers of the two countries, joint border control and demarcation of the Moldova-Ukraine border.

- Starting December 21, 2007, when the Schengen area was enlarged, visas issued by states participating in the Common Visa Application Centre (CVAC)<sup>2</sup> became valid in the Schengen area.<sup>3</sup>
- In order to inform the public better about E.U. and provide citizens with the opportunity to participate in the European integration process more actively, the Government approved on December 29, 2007 the Communication Strategy on European Integration of the Republic of Moldova and the 2008 Action Plan on implementation of the strategy.<sup>4</sup>
- NEIC continued holding weekly sittings in the first half of the 4<sup>th</sup> quarter of 2007. Governmental institutions reported the execution of action plans agreed in the EUMAP implementation context. NCEI sittings indicated the need of amply informing European institutions about actions taken in the EUMAP implementation process.

## Human rights

### Progresses:

- The Parliament has approved the law on modification and completion of the law on petition. It regulates the submission of electronic petitions.
- The draft law on modification and completion of the Criminal Code of Moldova (Articles 176, 346, and others) was approved under the GD # 1459 from December 24, 2007. It aims to amend the current legislation with the view to extend the effect of non-discrimination principle.
- The Optional Protocol to the International Covenant on Civil and Political Rights (CCPR-OP1, New-York, 1966) was ratified. By ratifying this document, Moldovan authorities recognise the competence of the U.N. Human Rights Committee to receive and consider appeals by individuals under Moldova's jurisdiction who signal violations of the rights covered by the Pact. The Additional Protocol to the Convention on Human Rights and Biomedicine, on Transplantation of Organs and Tissues of Human Origin (Strasbourg, 2002) was ratified.

### Shortcomings and problems:

- **The new law on meetings (Objective 10 of EUMAP) was not adopted.**<sup>5</sup>
- The European Court of Human Rights (ECHR) has passed a record number of judgments – **31** – against Moldova in the 4<sup>th</sup> quarter of 2007, in the following cases: *Clionov vs. Moldova*; *Grivneac vs. Moldova*; *Curararu vs. Moldova*; *Tara and Poiata vs. Moldova*; *Tiberneac Vasile vs. Moldova*; *Nadulisneac Ion vs. Moldova*; *Buianovschi vs. Moldova*; *Deordiev and Deordiev vs. Moldova*; *Vitan vs. Moldova*; *Țiberneac vs. Moldova*; *Marcu vs. Moldova*; *Cazacu vs. Moldova*; *Colibaba vs. Moldova*; *Flux and Samson vs. Moldova*; *Stici vs. Moldova*; *Turcan and Turcan vs. Moldova*; *Deliuchin vs. Moldova*; *Lipatnikova and Rudic vs. Moldova*; *Musuc vs. Moldova*; *Stepuleac vs. Moldova*; *Banca VIAS vs. Moldova*; *Cebotari vs. Moldova*; *Dolneanu vs. Moldova*; *Becciu vs. Moldova*; *Gusovschi vs. Moldova*; *Popovici vs. Moldova*; *Ursu vs. Moldova*; *David vs. Moldova*; *Timpul Info-Magazin and Anghel vs. Moldova*; *Turcan vs. Moldova*, and *Cogut vs. Moldova*.<sup>6</sup> Moldova was sentenced for violation of rights to a fair trial; effective appeal; protection of property; judgment of the case of the applicant in a reasonable term; right to appeal to the ECHR; freedom of expression; torture; illegal detention; improper detention conditions; non-execution or late execution of judgments, etc. Moldova will have to pay 490,313 euros (approximately 8.15 million lei) in the 31 cases. The Strasbourg-based Court has sentenced Moldova in 104 cases before December 2007.<sup>7</sup> It passed 59 decisions<sup>8</sup> (56.73 percent) against Moldova in 2007 only.
- The law on restitution of goods to victims of political repressions is imperfectly implemented. The mechanism of restitution of the value of goods or payment of compensations fuelled protests by victims of political repressions.

## Prevention of torture. Rights of inmates

### Progresses:

- The Prosecutor-General's Office has appealed to the Interior Ministry to take additional measures against torture, inclusively by selecting more exigently the investigative personnel, training policemen to respect human rights.

<sup>2</sup> Hungary, Austria, Latvia, Slovenia, Denmark and Estonia participate in the CVAC;

<sup>3</sup> The Schengen area covers the E.U., except for the United Kingdoms, Ireland, Cyprus, Romania and Bulgaria, plus Norway and Iceland. The Switzerland and Liechtenstein are expected to join the Schengen area in 2008, Cyprus in 2009, and Bulgaria and Romania in 2011. The United Kingdoms and Ireland did not sign the Schengen Agreement.

<sup>4</sup> GD # 1524 from 29.12.07 approving the Communication Strategy on European Integration of the Republic of Moldova;

<sup>5</sup> GD # 113 from 03.02.2007 approving the Priority Action Plan on implementation of EUMAP in 2007. It stipulated the amendment of the law on meetings for the 4<sup>th</sup> quarter of 2007;

<sup>6</sup> [www.lhr.md](http://www.lhr.md);

<sup>7</sup> Damages for the whole period account for approximately 1.93 million euros or 31.8 million lei;

<sup>8</sup> Damages for 2007 amount to approximately 1.23 million euros or 20.49 million lei;

- A regional seminar was held in Comrat in November 2007 under the auspices of the Council of Europe (CoE), with the participation of policemen from Gagauzia. It aimed to acquaint policemen with international tools against torture and inhuman and degrading treatments.

#### **Shortcomings and problems:**

- Temporary detention facilities were not transferred from the jurisdiction of the Interior Ministry to the Ministry of Justice (Chapter 7 of NHRP; objective (4) of EUMAP)<sup>9</sup>.
- A unitary and efficient system for the social adaptation of former detainees was not created (Chapter 14 of EUMAP<sup>10</sup>; objective (4) of EUMAP).
- Amnesty International-Moldova has estimated that not many policemen accused of torture and ill-treatment are investigated and sentenced.
- The Prosecutor-General's Office has also confirmed the violation of detainees' rights by police.<sup>11</sup> It signalled violations by territorial police offices and temporary detention facilities controlled by the Interior Ministry. Inmates have been illegally forced to work and minors have been detained in the same cells with adults.

### *Rights of employees*

#### **Progresses:**

- No important progress was observed in this area.

#### **Shortcomings and problems:**

- Many Moldovan companies inefficiently assume social responsibilities toward own employees. Accession of more Moldovan companies to the 2000 U.N. Global Pact would enhance the corporate social responsibility.
- A study by LPHR and Civic Initiative for the Protection and Promotion of Human Rights (CIPPHR) in Moldova revealed that rights of workers are violated the most.

### *Equal chances*

#### **Progresses:**

- Training seminars have been held in the period concerned for governmental institutions in charge with protection and respect for the equal gender principle and specialised nongovernmental organisations. They have been held jointly with the UNIFEM project Promoting Gender Equality in National Development Policies and Plans.
- The Media Consortium for Gender Equality has been created.

#### **Shortcomings and problems:**

- Many problems identified in January-September 2007 have not been remedied in the 4<sup>th</sup> quarter of 2007.

### *Child's rights*

#### **Progresses:**

- The Parliament has approved a draft law on modification and completion of the Criminal Code of Moldova. Amendments introduce harsher penalties for offences against children (illegal adoption, infantile pornography).
- Under an October 2007 governmental decision, monthly allocations for the maintenance of minors from family-type facilities have been increased from 180-200 up to 450 lei per child and annual allocations have been increased from 1,000 up to 3,000 lei per family. The decision aims to develop alternatives of boarding schools and orphanages. According to UNICEF, the number of family-type facilities is on the rise.<sup>12</sup> The rise is linked to the reformation of the residential child care system (stipulated by NHRP) implemented by authorities with the UNICEF and E.U. support.
- The Government decided in December 2007 to increase up to 450 lei the monthly indemnities for an adopted child or a child under trusteeship.
- Approximately 3,000 children from 56 schools and high schools in Moldova, as well as about 4,000 children from residential institutions have participated in community actions in the 4<sup>th</sup> quarter of 2007 aimed at facilitating their social integration. The actions have been held by the High-Level Group for Children of Moldova.

#### **Shortcomings and problems:**

- Although they have been increased, monthly allocations for children from family-type facilities, those adopted or taken under trusteeship are much lower than needed for the minimum consumption basket.

<sup>9</sup> GD # 113 from 03.02.2007 approving the priority action plan on implementation of EUMAP in 2007. This decision stipulated the transfer of DPI from jurisdiction of the Interior Ministry to the Ministry of Justice in 2007.

<sup>10</sup> NHRP stipulated this activity for 2004.

<sup>11</sup> Prosecutor-General's Office (2007), *Press release*, <http://www.procuratura.md/md/news/1211/1/2288>;

<sup>12</sup> The number of family-type facilities for children increased nearly two-fold in 2007, while the number of newly institutionalised children has decreased;

## *Ensuring rights to association*

### **Progresses:**

- Several political parties have been created in the 4<sup>th</sup> quarter of 2007.
- The Social Democratic Party of Moldova (SDPM) and the Party of Social Democracy of Moldova (PSDM) merged in December on the legal basis of the first.

### **Shortcomings and problems:**

- The Patria-Moldova Labour Union (PMLU) has accused the Ministry of Justice of delaying the registration of materials by the 6<sup>th</sup> and 7<sup>th</sup> Congresses of the party. The ministry rejected the PMLU accusations describing them as groundless and noting that the party concerned has violated the necessary requirements.

## *Fulfilment of CoE recommendations / Execution of ECHR judgments*

### **Progresses:**

- The Honouring of Obligations and Commitments by Moldova Report was approved in October 2007 within the autumn session of the Parliamentary Assembly of the Council of Europe (PACE). It notes that since the last monitoring report in 2005 "Moldova has progressed much on way of democratic reforms" and meanwhile it has signed 63 CoE Conventions.<sup>13</sup>
- As regards the programme on legal actions assumed accordingly to commitments by CoE member states, the Parliament has adopted the law on political parties. Main provisions stipulate the reduction from 5,000 down to 4,000 persons of the minimum number of members required for the registration of a political party; introduce the possibility of dissolving political parties for non-participation in elections; stipulate the financing of parties from state budget (0.2 percent of the budget) starting July 1, 2009.
- Moldova executes the ECHR decisions in general.

### **Shortcomings and problems:**

- The Honouring of Obligations and Commitments by Moldova Report also reveals that legislation on justice, prosecutor's office, political parties, local self-administration, as well as legislation on electoral practices shall be updated.
- Moldova continues to be behind with implementing the programme on legal actions assumed accordingly to commitments by CoE member states. In particular, it did not adopt a new law on status of the Chisinau municipality and the statute book on education. Also, it did not investigate charges against national and local opposition leaders, nor it condemned the principle of dismissal of Comrat mayor by the People's Assembly of Gagauzia.<sup>14</sup>

## *Cooperation with civil society*

### **Progresses:**

- The Ministry of Social Protection, Family and Child (MSPFC) and the network of social NGOs signed a cooperation memorandum on November 2, 2007. The document stipulates the participation of the sides in elaboration, implementation, monitoring and assessment of policies, granting and introduction of new social services. The signatory parties pledge to develop partnerships aimed to enhance the social welfare.

### **Shortcomings and problems:**

- The wish that Prime Minister Vasile Tarlev made public at a November 9, 2007 NCEI sitting to create a council which would coordinate NGOs in order to implement the EUMAP was not fulfilled. Even more, the prime minister noted at the sitting concerned that political shortcomings of EUMAP signalled by independent reports on monitoring of the EUMAP implementation process were linked to "wrong, populist and declarative interpretations." Tarlev hinted that the E.U. „accuses and punishes Moldova" because of the "so-called reports" delivered to the European Commission. He underlined that „developers shall assume responsibility for statements from these reports, including NGOs, because there are laws and there are rules of the game."<sup>15</sup> Statements by prime minister reveal the way the cooperation between authorities and civil society in the European integration process is understood, they strengthen the conviction that this cooperation is formal and prove that partnership between government and civil society is realised a little so far.

<sup>13</sup> PACE (2007), *Honouring of Obligations and Commitments by Moldova Report*, Doc. 11374 14 September, <http://assembly.coe.int/Main.asp?link=/Documents/WorkingDocs/Doc07/EDOC11374.htm>;

<sup>14</sup> PD # 284-XVI from 11.11.2005 approving the schedule of legal actions accordingly to the Resolution and Recommendations by the Commission for the Honouring of Obligations and Commitments by CoE Member States;

<sup>15</sup> Premier Tarlev asked ministers to study the Euromonitor, 10 November 2007, <http://www.europa.md/rom/infto/2497>;

## ***Freedom of mass media and access to information***

### **Progresses:**

- CCA has approved the Conduct Code for Moldovan broadcasters, which recommend them to respect a series of professional rules and norms.
- CCA has approved the 2008 Action Plan of the TeleRadio-Moldova (TRM) Company and the draft development concept of TRM. The documents stipulate among others the opening of the public radio station Luceafarul and TV channel Moldova-2, the organisation of six correspondence stations abroad, the staff reduction, and the rise of airtime.
- CCA has approved the regulation on management of the broadcaster sustenance fund.
- CCA has generally manifested an opening toward public access to information about its activity.<sup>16</sup>
- Radio Moldova unlike Moldova-1 registers a better evolution towards professional standards.<sup>17</sup>

### **Shortcomings and problems:**

- Objective (9) of EUMAP was not fully accomplished. It stipulates a state financial aid for the media which shall be granted on the basis of strict and fair criteria for all media outlets.
- Journalists contradictorily assess the action plan and the draft development concept of TRM. They fear that some future plans of TRM will be failed because of the shortage of funds and certain provisions, particularly of the draft concept, encourage the censorship on TRM.
- Journalists have been intimidated in the 4<sup>th</sup> quarter of 2007. A team from PRO TV Chisinau channel was intimidated by policemen while it was filming an arrest. The CCA<sup>18</sup> and specialised organisations<sup>19</sup> have disapproved this case.
- TRM news programmes do not meet all public broadcasting norms.<sup>20</sup>
- The state company TeleRadio-Gagauzia is reorganising into a regional public broadcaster with derogations from the Broadcasting Code of Moldova and broadcasting legislation of ATU Gagauzia.<sup>21</sup>

<sup>16</sup> APEL and others (2007a), *Monitoring the Enforcement of the Broadcasting Code Project, press release*, [http://www.apel.md/comunic/COMUNICAT\\_DE\\_PRESA\\_191207.pdf](http://www.apel.md/comunic/COMUNICAT_DE_PRESA_191207.pdf);

<sup>17</sup> Ibidem;

<sup>18</sup> CCA (2007), *Press statement*, October 22, <http://www.cca.md>;

<sup>19</sup> *Media organisations are concerned with a new police assault on journalists*, October 24, 2007, <http://www.azi.md/news?ID=46609>;

<sup>20</sup> APEL and others (2007a), Problems related to the editorial policy of TRM were acknowledged among others by President Vladimir Voronin in an interview with Moldpres Agency on November 15, 2007;

<sup>21</sup> APEL and others (2007b), *Monitoring the Enforcement of the Broadcasting Code Project, press release*, [http://www.apel.md/comunic/Comunicat\\_TR\\_Gagauzia.pdf](http://www.apel.md/comunic/Comunicat_TR_Gagauzia.pdf);

**Monitoring grid 1. Democratic institutions**

Indicators / Areas	Evolutions / involutions 4th Quarter of 2007	Practical impact of changes	Factors encouraging/discouraging the progress	Quantification of progress in 4th Quarter of 2007	Sources used for assessment
<p><b>Human rights / Ensuring rights to association</b></p>	<ul style="list-style-type: none"> <li>• Ratification of additional protocols to international and European documents;</li> <li>• ECHR sentenced Moldova in another 31 cases;</li> <li>• Policemen were sentenced on torture charges;</li> <li>• Development of alternatives for boarding schools and orphanages;</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidation of the framework regulating human rights;</li> <li>• Spending of public funds for pecuniary and non-pecuniary damages to applicants; undermining of credibility of the national legal system;</li> <li>• Introduction of a practice to combat the torture;</li> <li>• Rise of the number of family-type facilities for children;</li> </ul>	<ul style="list-style-type: none"> <li>• Willingness of authorities; influence / assistance specialised of national and international organisations;</li> <li>• Low efficiency of mechanism of individual responsibility of persons who are to blame for the sentencing of Moldova; low quality and professionalism of some judgments/judges;</li> <li>• Enforcement of anti-torture legislation; influence of the ECHR jurisprudence; lobby of some parties, national and international organisations and mass media;</li> <li>• Reformation of residential child care system by authorities; UNICEF and E.U. support; advertising campaign to promote such services;</li> </ul>	<p><b>0.0</b></p>	<ul style="list-style-type: none"> <li>• Monitorul Oficial of Moldova;</li> <li>• Records of parliamentary sittings;</li> <li>• www.lhr.md;</li> <li>• www.procuratura.md;</li> <li>• www.gov.md;</li> <li>• NHRP;</li> <li>• Communications and statements by parties;</li> <li>• Mass media;</li> <li>• Assessments by authors;</li> </ul>
	<ul style="list-style-type: none"> <li>• Creation of political parties;</li> </ul>	<ul style="list-style-type: none"> <li>• Appearance of new opinion currents;</li> </ul>	<ul style="list-style-type: none"> <li>• Results of local elections; forthcoming campaign for the 2009 parliamentary elections; desire of leaders of these parties to change and self-affirm;</li> </ul>	<p><b>+0.5</b></p>	
<p><b>CoE recommendations/ Execution of ECHR judgments</b></p>	<ul style="list-style-type: none"> <li>• Adoption of the law on political parties;</li> </ul>	<ul style="list-style-type: none"> <li>• Honouring of a commitment towards CoE; modification of the regulatory framework, including financing of parties from state budget (0.2 percent of the budget) starting July 1, 2009;</li> </ul>	<ul style="list-style-type: none"> <li>• CoE recommendations; interests of some parties;</li> </ul>	<p><b>+0.5</b></p>	<ul style="list-style-type: none"> <li>• Monitorul Oficial of Moldova;</li> <li>• Records of parliamentary sittings;</li> <li>• Communications and statements by parties;</li> <li>• Mass media;</li> <li>• www.coe.int;</li> </ul>
<p><b>Cooperation with civil society</b></p>	<ul style="list-style-type: none"> <li>• Signing of a cooperation memorandum between MSPFC and Network of Social NGOs;</li> <li>• Cooperation with civil society is formal so far;</li> </ul>	<ul style="list-style-type: none"> <li>• Development of a new partnership between authorities and civil society; establishing of enhanced social welfare targets;</li> <li>• Discouragement of state-NGOs partnerships, low participation of NGOs in promoting public policies; ensuring a limited public support for a series of promoted policies;</li> </ul>	<ul style="list-style-type: none"> <li>• Initiative of signatory parties; problems faced by many social categories;</li> <li>• Low realisation of advantages of state-NGOs partnerships; lack of a systemic vision of authorities regarding potential of NGOs; mentality and institutional inertia;</li> </ul>	<p><b>-0.5</b></p>	<ul style="list-style-type: none"> <li>• Press service of MSPFC;</li> <li>• www.europa.md;</li> <li>• Mass media;</li> <li>• Assessments by authors;</li> </ul>
<p><b>Freedom of mass media / Access to information</b></p>	<ul style="list-style-type: none"> <li>• CCA approved the Conduct Code for Moldovan broadcasters;</li> <li>• CCA approved documents on TRM development;</li> <li>• Abusive conduct of police bodies over PRO TV Chisinau team;</li> </ul>	<ul style="list-style-type: none"> <li>• Formulation of recommended professional rules and norms for broadcasters;</li> <li>• Establishing of development goals of TRM;</li> <li>• Intimidation of journalists; distrust towards role of police bodies in society;</li> </ul>	<ul style="list-style-type: none"> <li>• Recommendations and assistance by national and international organisations;</li> <li>• Corporate interests of TRM; recommendations by national and international organisations; influence/pressure of public opinion;</li> <li>• Abuse and excess of authority by police bodies; institutional stereotypes; poor knowledge of media rights by police; incapacity of police bodies to communicate with the media;</li> </ul>	<p><b>0.0</b></p>	<ul style="list-style-type: none"> <li>• <a href="http://www.cca.md">www.cca.md</a>;</li> <li>• Statements, communications, reports by CCA, NGOs;</li> <li>• Mass media;</li> <li>• Assessments by authors;</li> </ul>

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## 2. CONSOLIDATION OF ADMINISTRATIVE CAPACITY

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### Administrative reform / Administrative efficiency

#### Progresses:

##### CPA reform:

- World Bank representatives have appreciated the cogent measures taken by Government in the CPA area<sup>22</sup>; the community of donors is monitoring actions<sup>23</sup>;
- Strategic analysis, monitoring and planning subdivisions are created in continuation<sup>24</sup>; employees of these subdivisions are being training in the strategic planning area;
- Accomplishments of CPA reform are being popularised and discussed by public authorities<sup>25</sup>;
- Reorganisation of public institutions and subordinated structures continue<sup>26</sup>;
- Important normative acts on CPA were adopted<sup>27</sup>;
- Salaries of public functionaries are on the rise (by 10-30 percent, in accordance with the GD # 1399 from 12.12.2007);
- A plan on training courses financed by the fiduciary fund was approved<sup>28</sup>;
- Personnel of inspection institutions is being reduced (GD # 1163/25.10. 2007).

##### LPA reform:

- Local elected officials are being trained within special projects<sup>29</sup>;
- The state budget law foresees a regional development fund<sup>30</sup>;
- Subsidies for local budgets will grow<sup>31</sup>;
- Territorial control directorates of MLPA have received equipment and information assistance<sup>32</sup>;
- Central authorities declare interest to promote new regulations on local public funds.<sup>33</sup>

##### Information technologies (IT):

- According to totals for 2007 made by the Ministry of Information Development,<sup>34</sup> sales on electronic service market have grown (by 20.1 percent, compared with 2006), investments in IT sector and number of specialised economic agents (about 1,000 entities) are on the rise; the telecommunication sector is developing (the number of mobile telephony customers has increased by 30 percent, up to 1.67 million persons); the number of Internet connexions has grown (Internet connections have reached 23.41 percent per 100 residents, compared with 11.56 percent per 100 residents in January-September 2006); electronic information shops have opened, e-service portals have been put into operation;
- The pirate software use rate is on the decline, inclusively due to the growth of operational capacities of the State Agency for the Protection of Intellectual Property;
- Although servers of state institutions are hacked more than before, competent institutions protect their software and neutralise negative effects without serious losses<sup>35</sup>;
- The law on electronic communications was adopted; legal changes aimed to enhance the use of electronic services by citizens, business community and other institutions are being promoted<sup>36</sup>;
- The e-government concept is being implemented; a governmental e-service portal will be put into operation, central public institutions have opened own websites to ensure transparency and access to legal-normative basis.

#### Shortcomings and problems:

##### CPA reform:

- Many actions from plans on implementation of the *CPA reform strategy* (GD #1402/30.12.2005, #54/18.01.2007), which should be taken in 2006-2007, have not been fully accomplished and do not have a

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<sup>22</sup> Meeting between prime minister and WB delegation, DFID and SIDA representatives on 12.10.2007;

<sup>23</sup> Meeting between donors and representatives of the policy coordination and analysis directorate on 20.11.2007;

<sup>24</sup> Specialised subdivisions have been created in 12 central institutions;

<sup>25</sup> The expert group of the Government Apparatus reported all directions of the reform in November;

<sup>26</sup> GD # 1130/16.10.2007; # 1175/31.10.2007; # 1215/13.11.2007, # 1248/16.11.2007;

<sup>27</sup> GD # 1179/01.11.2007, # 1528/29.12.2007;

<sup>28</sup> 2008 PAA training plan for about 900 CPA functionaries;

<sup>29</sup> Thematic seminars held by MLPA (1-2.10.2007, 03.10.2007) training programme implemented at the request of MLPA by Contact NGO and IDIS Viitorul, with the support of UNDP, SIDA and Soros Foundation; accelerated official language speaking programme (IDIS Viitorul, OSCE Moldova);

<sup>30</sup> The 2008 fund accounts for 130 million lei, by about 16 million lei less than stipulated by Article 6 (2) of the Law # 438/28.12.2006;

<sup>31</sup> According to minister of finance (news conference on 10.12.2007), subsidies will grow by about 966 million lei;

<sup>32</sup> UNDP Moldova provided assistance for development of local networks, software exercises, IT equipment, Internet connection;

<sup>33</sup> Sitting convoked by Moldovan president;

<sup>34</sup> Sitting of the MID collegial council;

<sup>35</sup> Report by the Special Telecommunication Centre of SIS;

<sup>36</sup> Government approved on 17.10.2007 a draft law which stipulates the installation of AT machines;

clear impact, in particular, simplification of reporting system of CPA, use of the automatic document exchange system;

- Enforcement of the regulation on secretary works in CPAA; creation of a public office in central public administration bodies to delimit political functions from administrative posts; institutionalisation of an employment procedure for public service which would be mainly based on a contest; elaboration of guidelines on recruitment, selection and promotion of public functionaries; improvement of the motivation and remuneration system for public functionaries; introduction of a single information system to keep the record and ensure the circulation of documents between public administration authorities, etc.;
- A report on implementation of the CPA reform in 2007 signals some shortcomings,<sup>37</sup> in particular, plans are not strategically framed and standardised; some functions and competences of ministries and central authorities are unclear and they double each other; reduction of the maximum personnel of ministries was not followed by transfer of policy execution functions from central apparatuses to subordinated institutions or decentralised services; information system of CPAA is underdeveloped, inflow of documents are processed by hand; quality of some documents is low, execution terms are postponed; conflicts of interests emerge and they are not legally regulated; methodological framework on elaboration of documents is underdeveloped; CPA reporting system is inefficient and difficult so far; a high fluctuation of public functionaries is persisting; there are many vacancies (12-33 percent); there are no criteria to evaluate performances of public functionaries in order to apply financial stimulants; employment on basis of competition is not widely spread (about 1/3 of employments in 2007); a central unit in charge with public service is absent; there are problems related to organisation of internal training;
- The implementation of priority strategies, programmes and plans (IPAP, Moldova-NATO, E-Moldova Strategy, PPT within the Millennium Challenge Account, and others) is late because of low administrative capacities, other subjective and objective reasons;
- Restriction of dual citizenship may encourage staff cut, resignation of experienced and skilful functionaries<sup>38</sup>;
- Large amounts are allocated in continuation from the budget and reserve fund for doubtful fields, actions and priorities, in particular, opening of a structure to translate international documents, which are already translated into Romanian<sup>39</sup>; under Government decisions, a periodical was allocated about 600,000 lei "to pay off crediting debts" (GD # 1099/09.10.2007 and 1498/27.12.2007); MAFI was allocated 12 million lei from a special account to buy seeds and disseminate them for free to farmers selected "on basis of well-chosen and transparent criteria," a very ambiguous formula (GD # 1082 from 03.10.2007); the Government Apparatus was allocated about 700,000 lei "to purchase a vehicle" (GD # 1294/27.11.2007) and 311,000 lei to elaborate documents on arrangement of a plot adjacent to a building (GD # 1147/19.10.2007); the Ministry of Culture and Tourism spends about 1.7 million lei to hold an international contest, pay taxes to finish the reorganisation of the state-owned enterprise Chisinau Circus, "organise winter holidays" and "arrange the Christmas Tree" (GD # 1210/08.11.2007, # 1505 from 27.12.2007, # 1506/27.12.2007); the TeleRadio-Moldova Company was allocated more than 980,000 lei to produce a documentary (GD # 1440/21.12.2007); the Interior Ministry was allocated 2 million lei to demolish some buildings (GD # 1158/24.10.2007), etc.

#### LPA:

- Efficient actions aimed to ensure the administrative decentralisation and contribute to regional development were not implemented; an institutional and financial framework was not created<sup>40</sup>;
- A strategy on LPA reformation accordingly to European standards was not elaborated (GD # 1509/29.12.2006);
- Revision of legislation on local public funds is late; a new law on status of the Chisinau municipality was not adopted;
- Associations of mayors fear that the LPA reform is stagnating, particularly because of attitude of central authorities and MLPA<sup>41</sup>;
- Administrative control directorates of MLPA obstruct LPA authorities, independent local elected officials and those unaffiliated to the Government are pressured via police and law bodies<sup>42</sup>;
- The 2008 state budget is described as discriminating local administrations uncontrolled by the ruling party<sup>43</sup>;
- Remuneration, other pecuniary or social facilities for local elected officials are low<sup>44</sup>.

#### IT:

<sup>37</sup> Report by the policy analysis and coordination directorate advising the Government Apparatus, [www.rapc.gov.md](http://www.rapc.gov.md);

<sup>38</sup> The law was not enforced, the control mechanism was not elaborated, and this may encourage an abusive, selective application (see a related commentary at [e-journal\\_year V, # 104](http://e-journal_year_V_#_104), [www.e-democracy.md](http://www.e-democracy.md);

<sup>39</sup> See a related analysis by Expert-Grup at [www.expert-grup.org](http://www.expert-grup.org);

<sup>40</sup> See a related interview with N.Toderas at [www.europa.md](http://www.europa.md), 08.10.2007;

<sup>41</sup> Statements delivered at a news conference held by the National League of Mayors' Associations, Infotag News Agency, 20.11.2007;

<sup>42</sup> Interview with Floresti mayor published by Timpul newspaper on 21.11.2007;

<sup>43</sup> November 20, 2007 statement by eight parties which built a democratic majority in local public administrations (OMA, DP, PSD, SDPM, RPP, LP, SLP and CUM); Timpul newspaper, 21.11.2007;

<sup>44</sup> Statements delivered at a sitting of the Association of Mayors and Local Communities;

- A November 23, 2007 sitting of the Supreme Security Council noted that the information security is not ensured enough; the adoption of the state information security concept is delayed; a methodological and practical coordination of systems of public authorities is absent; databases of public authorities are not adjusted to effective requirements and they are not interconnected; public administration bodies insufficiently use information technologies<sup>45</sup>;
- Many actions stipulated by the Action Plan on implementation of the E-Moldova Strategy are stagnating or partly accomplished with a serious delay<sup>46</sup>;
- Training of functionaries in IT field is not enough, few persons attended special courses (190 out of about 15,000 functionaries)<sup>47</sup>;
- Moldova still faces a high software pirate rate and thus it suffers economic losses and its international image is deteriorated.<sup>48</sup>

## ***Depoliticising public administration***

### **Shortcomings and problems:**

- Public functions capable to delimit political and administrative offices have not been created in LPA bodies (accordingly to the CPA reform strategy);
- Attempts to share functions in exchange for solutions to economic, property affairs have been signalled,<sup>49</sup> but the Ministry of Justice invokes “the absence of criminal components,” „political corruption”<sup>50</sup>;
- Some decentralised territorial services are maintained under the political control of PCRM, which dismisses disobedient functionaries and employs loyal persons (case of former Nisporeni district chairman who was nominated chief of the Nisporeni Fiscal Inspectorate, reshuffles operated in the districts of Taraclia, Rezina, Falesti, Telenesti)<sup>51</sup>;
- Political parties released statements to signal abuses by the ruling party, political meddling into management<sup>52</sup>;
- According to opposition representatives, the 2008 financing provisions advantage administrations which represent the ruling party<sup>53</sup>;
- Abuses and violations committed during renovation of the Memorial Complex Eternitate in Chisinau have had a political and administrative coverage by the ruling majority in the Municipal Council and the acting Chisinau administration cannot punish the guilty persons at present<sup>54</sup>; the Government does not support any longer the projects that the former administration has abusively started<sup>55</sup>;
- Political reshuffles are operated in the Chisinau City Hall Apparatus;
- Independent surveys signal serious politicising of public administration.<sup>56</sup>

## ***Interference of administrative and economic interests / Stability of ruling policy***

### **Progresses:**

- The regulatory reform was implemented by a series of important actions, the working group created to implement it has considered most of draft legal and normative acts promoted in 2007 (GD # 1263/19.11.2007); many legal acts have been modified within the Guillotine II<sup>57</sup>;
- About 155 million lei was raised to the budget from sale and privatisation of public patrimony, more than 130 million lei in dividends and 45 million lei in net profit of state-owned enterprises/societies<sup>58</sup>;
- Normative acts aimed to improve auditing procedures, procurements have been approved<sup>59</sup>;
- Plans aimed to remedy deficiencies related to public fund management have been approved (GD # 1179/01.11.2007);
- Draft legal acts aimed to simplify the licensing mechanism have been initiated<sup>60</sup>;
- Business contact facilities have opened in several localities (8 cities)<sup>61</sup>;

<sup>45</sup> Presidential press release, <http://www.president.md/press.php?p=1&s=5530&lang=rom>;

<sup>46</sup> GD # 255/09.03.2005, Annex 2;

<sup>47</sup> Totals of 2007 activity of MID;

<sup>48</sup> Assessments by a roundtable held to open the campaign Agency! Counterfeited Product!, Flux newspaper, 31.10.2007;

<sup>49</sup> Contract „Functions in exchange for a licence” signed between PCRM and RPP representatives from Soroca, Alianta publication, 05.10.2007;

<sup>50</sup> Answer given by deputy minister of justice at the October 18, 2007 parliamentary sitting;

<sup>51</sup> Interpellation submitted by Deputy I.Klipii at the November 15, 2007 parliamentary sitting; Timpul newspaper, 22.11.2007; Statement by democratic councillors from the Nisporeni District Council;

<sup>52</sup> DPM statement from 13.12.2007; OMA statement from 15.11.2007;

<sup>53</sup> Statement by Deputy V.Serpul, the Ministry of Finance denies such implications;

<sup>54</sup> Statements by Chisinau mayor-general delivered on PRO TV channel;

<sup>55</sup> Municipal authorities demand funds from the Government to arrange the Valea Morilor lake, press release by Info-Prim Neo (IPN) News Agency, 13.11.2007;

<sup>56</sup> Global Integrity Index 2007, [www.globalintegrity.org](http://www.globalintegrity.org);

<sup>57</sup> Laws # 280-XVI from 14.12.2007 and # 281-XVI from 14.12.2007, unpublished so far;

<sup>58</sup> The funds have been collected by the Public Property Agency advising the Ministry of Economy and Commerce;

<sup>59</sup> GD # 1136/18.10.2007; GD # 1380/10.12.2007, GD # 1394/ 12.12.2007; Decision by the Chamber of Auditors of the Ministry of Finance # 82/29.11.2007, 98/ 27.11.2007;

<sup>60</sup> Interview with chairman of the Licensing Chamber published by Infotag News Agency on 20.11.2007;

<sup>61</sup> Actions taken by MEC as part of the TACIS Programme Sustaining Rural Small and Medium Businesses;



- Independent studies reveal better business indicators on registration of property, execution of contracts and taxation<sup>62</sup>;
- The Law # 220/19.10.2007 on state registration of legal entities and entrepreneurs was adopted;
- A special decision on distribution of annual net profit of state-owned enterprises and societies was adopted (GD # 1396/12.12.2007);
- The Foreign Investors Association in Moldova (FIAM) considers that the dialogue between CPA and business community has developed much and the investment climate has improved<sup>63</sup>;
- The number of officially registered job seekers has decreased (about 70,000 in July-September 2007, compared with 80,000 in the same period of 2006);
- The salary rise plan for budgetary employees is respected (GD # 1399 from 12.12.2007);
- IMF representatives consider that the economic condition of Moldova is better than expected (the economic growth in the first half of 2007 was 8 percent and in the 2<sup>nd</sup> quarter was about 6 percent);
- Investments in fixed capital have increased very much (according to MEC accounts, they rose by 28.7 percent in January-September 2007);
- A communication campaign on legalisation of capital was launched.

#### Shortcomings and problems:

- Moldovan business environment is underdeveloped, the following actions should be taken: regulation procedures should be optimised; the judiciary should be reformed; bankruptcy procedures should be consolidated; business legislation should be updated; licensing requirements should be simplified; tax management system should be modernised<sup>64</sup>;
- There are too many control bodies so far, and their competences are too wide, and this seriously affect the freedom of economic activity; Moldovan president has instructed the Government to elaborate and implement a legal and institutional action plan, in order to urgently reorganise the inspection system<sup>65</sup>; „chaotic” measures taken by authorities to reduce the inspection personnel did not have a principle, general and important impact<sup>66</sup>;
- The Foreign Investors Association in Moldova and foreign economic agents have accused the National Agency for the Protection of Competition<sup>67</sup> of abusive measures capable to deteriorate the investment climate (national law courts are studying these cases);
- Administrative orders are promoted so far in pharmaceutical business in detriment of economic interests<sup>68</sup>;
- Moldova has descended several places in the competitiveness rating<sup>69</sup>;
- Some business freedom indicators have worsened, the taxation system is inadequate so far (the tax rate is about 44 percent)<sup>70</sup>;
- Some decisions by financial authorities raise concern<sup>71</sup>;
- Representatives of business organisations say that the business environment did not improve much<sup>72</sup>; law enforcement bodies are accused of getting involved to influence the ceding of some business<sup>73</sup>;
- Legality and profitability of recent privatisations are doubtful<sup>74</sup>;
- Decisions on privatisation of public estates are revised<sup>75</sup>;
- The fair and beforehand compensation of owners of fields in the area of the Cahul-Giurgiulesti railway is uncertain so far.<sup>76</sup>

### *Probity and transparency of governance / Anti-corruption struggle*

#### Progresses:

- The Communication Strategy on European Integration of the Republic of Moldova (GD# 1524/29.12.2007) was approved;
- Projects aimed to ensure decision-making transparency in Chisinau LPA are being implemented<sup>77</sup>;
- Judges are being trained (legal ethics, public relations)<sup>78</sup>;

<sup>62</sup> Doing Business 2008, WB and IFC;

<sup>63</sup> Meeting between FIAM representatives and prime minister, 12.12.2007;

<sup>64</sup> Conclusions by IMF mission, 21.12. 2007, [www.imf.md](http://www.imf.md);

<sup>65</sup> Presidential press release, 31.10.2007, <http://www.president.md/search.php?id=5475&lang=rom>;

<sup>66</sup> See the commentary by I.Gutan, IPN, 06.11.2007, [www.info-prim.md](http://www.info-prim.md);

<sup>67</sup> FIAM news conference, 30.10.2007; news conference of Sun-Communications representatives, 31.10.2007;

<sup>68</sup> GD # 1123/15.10.2007 concerning supply of public health institutions with antibiotics in 2008 by S.A. Farmaco only, which has higher prices than those on market;

<sup>69</sup> See [www.gcr.weforum.org](http://www.gcr.weforum.org);

<sup>70</sup> Doing Business 2008;

<sup>71</sup> CB Moldova Agroindbanc does not warm CNPF actions, DECA-press communication, 02.11.2007;

<sup>72</sup> Interview with Ion Lesan, executive director of the Timpul Business Club, ECO newspaper, issue 154 from 19.12.2007;

<sup>73</sup> News conference by SA Agurdino major shareholder, Infotag News Agency, 20.11.2007;

<sup>74</sup> Article "Cosmos Downfall", Ziarul de Garda newspaper, 01.11.21007, 06.12.2007;

<sup>75</sup> Press releases by Prosecutor-General's Office regarding outlawing of legal acts on sale of SA Viorica-Cosmetic buildings and privatisation of 65.86 percent of shares in SA Cariera de Granit si Pietris in Soroca, with former owners describing the second decision as an abusive expropriation;

<sup>76</sup> November 21, 2007 Government sitting, prime minister said that landowners in the building area will have to sell their fields;

<sup>77</sup> A group of NGOs submitted the draft regulation to the Municipal Council;

<sup>78</sup> Courses held within the Millennium Challenge Programme, 30.10.2007-1.11.2007; November 6-16, 2007;

- A decision on official website of the Government (GD # 1464/24.12.2007) was approved, GD # 668/19.06.2006 concerning official websites of public authorities is being implemented;
- Civil society is participating in monitoring of good governance and anti-corruption programmes<sup>79</sup>;
- Measures are taken to enforce the law on prevention and combat of money laundering and financing of terrorism (CSAECC Order # 117 from 20.11.2007);
- Public scientific-practical manifestations on anti-corruption and related phenomena took place<sup>80</sup>;
- Anti-corruption activities go on, functionaries are held red-handed, cases are made public<sup>81</sup>; the number of charges delivered to law courts has increased<sup>82</sup>;
- The Primary Country Plan (PCP) of the Millennium Challenge Fund is being implemented (24.7 million dollars for good governance and corruption reduction reforms); public institutions reported the implementation of actions stipulated by PCP<sup>83</sup>; PCP representatives assured that the plan is efficiently being implemented<sup>84</sup>;
- The CSAECC structure is being prepared for revision, consultation with Millennium Challenge Corporation experts;
- NGOs continue to be active in the field, they are implementing projects, participate in monitoring of anti-corruption plans<sup>85</sup>;
- Implementation of the Anti-Corruption Strategy is periodically examined by Government (GD # 1519/29.12.2007);
- Most of shortcomings related to the implementation of the strategy are being remedied.

#### Shortcomings and problems:

- A legal framework on decision-making transparency was not created and implemented<sup>86</sup>;
- The parliamentary majority obstructs the resumption of live broadcasting of parliamentary sittings<sup>87</sup>; ruling party members do not warm parliamentary transparency<sup>88</sup>;
- Transparency and e-governance are not promoted (actions stipulated by Section II of Annex 2 to GD 255/09.03.2005; Sections II, III of the Annex to GD # 606/01.06.2007 are inefficiently implemented);
- Local experts fear that institutional transparency did not grow and the freedom of the media was violated<sup>89</sup>;
- The Parliament Decision # 284-XVI from 14.12.2007 approving the 2008 expense estimate of the Parliament was not argued, allocations for speaker, his deputies, parliamentary factions were not justified, the estimate was approved without reporting the 2007 expenditures (under the Law # 430-XVI from 27.12.2006, the provision requiring the control and approval of a report on execution of the Parliament budget by legislature after a checking by the specialised parliamentary commission was excluded from the Parliament Regulation);
- The Government has illegally approved a type-regulation (GD # 1514/29.12.2007), which restricts the access to headquarters of central authorities, introduces guard restrictions, stipulates the supervision of employees and applicants;
- In spite of efforts, Moldova's anti-corruption indicators are low and they should be improved much<sup>90</sup>;
- Actions aimed at implementing the National Anti-Corruption Strategy are not executed in the due term (points 1.18, 1.19, 1.20, 3.3, 4.1, 4.14, 5.1 from the annex to PD # 421/16.12.2004); many actions stipulated by other plans in this area (Millennium Challenges PCP, IPAP RM-NATO, judiciary strengthening strategy, etc.,) are late;
- Adoption and enforcement of important legal acts (concerning status of public functionary and Conduct Code of public functionary, anti-corruption, conflict of interests, protection of witnesses/plaintiffs, ministerial responsibility, and others) are very late; declaration of estate and incomes by dignitaries is not tackled so far, and the activity in the area is compromised;
- The 2007 National Anti-Corruption Report reveals some accomplishments in the area, but it does not study shortcomings and their causes, and it does not establish future priorities<sup>91</sup>;
- Anti-corruption actions taken by certain institutions are unsatisfactory<sup>92</sup>;
- Political parties say that the anti-corruption fight is formalised so far, inappropriate acts are adopted, the anti-corruption struggle is not tackled enough "at a high level"<sup>93</sup>;

<sup>79</sup> The Anti-Corruption Alliance will monitor anti-corruption actions in 5 areas/institutions;

<sup>80</sup> Conference on legal culture and prevention of corruption, 01.11.2007; national anti-corruption conference, 6-7 December 2007;

<sup>81</sup> Communications by CSAECC, Interior Ministry, Prosecutor-General's Office;

<sup>82</sup> Interview with prosecutor-general published by KP V Moldove newspaper, 29.01.2008;

<sup>83</sup> MIA, Customs Service, Fiscal Service; [www.mca.gov.md](http://www.mca.gov.md);

<sup>84</sup> Interview with Mark Levinson, senior advisor for Anti-Corruption Programmes, PCP manager;

<sup>85</sup> Activity of the Anti-Corruption Alliance, NGOs: CAPC, IT, etc.

<sup>86</sup> The draft law is unjustifiably obstructed in continuation, it should be adopted by the end of 2007 (in accordance with Point 5, objective 1.31 from GD # 1506/29.12.2006, IPAP RM-NATO);

<sup>87</sup> The Parliament turned down on 22.11.2007 a request seeking the inclusion of this legal initiative on agenda; proposals by a private radio channel which do not require public expenses are not considered without plausible reasons;

<sup>88</sup> IPN News Agency regarding statements by Deputy V. Stepaniuc, 09.11.2007;

<sup>89</sup> Interview with Vasile Spinei, chairman of the Acces-info Centre, published by IPN News Agency on 03.01.2008;

<sup>90</sup> Statements delivered by Moldovan president at a 03.12.2007 working sitting;

<sup>91</sup> Report published at [www.ccecc.md](http://www.ccecc.md), Organisation/Reports column;

<sup>92</sup> Sitting of the group in charge with monitoring the implementation of the National Anti-Corruption Strategy, 31.10.2007: situation and anti-corruption actions in healthcare system are unsatisfactory;

- International experts signal shortcomings of anti-corruption fight<sup>94</sup>; independent studies signal an inefficient anti-corruption struggle in Moldova<sup>95</sup>;
- Representatives of community institutions said that Moldova is behind with combating corruption<sup>96</sup>;
- Damaging of public interests, involvement of former Chisinau LPA in abusive actions<sup>97</sup> are confirmed, but the political coverage in effect when decisions were promoted does not allow an efficient reparation of damages<sup>98</sup>;
- Surveys reveal a high corruption rate in certain public services<sup>99</sup>;
- Authorities doubt over truth of international surveys and assessments which signal a higher corruption perception in Moldova,<sup>100</sup> etc.

<sup>93</sup> Statement released by OMA faction at the 27.12.2007 parliamentary sitting; the 2007 National Anti-Corruption Report (combating corruption at a high level);

<sup>94</sup> Interview with M. Levinson, manager of PCP of the Millennium Challenge Corporation, [www.mca.gov.md](http://www.mca.gov.md);

<sup>95</sup> Global Integrity Index 2007, [www.globalintegrity.org](http://www.globalintegrity.org);

<sup>96</sup> European Parliament president has told a meeting with Moldovan chief of state that Moldova has serious shortcomings in combating corruption and implementing a reform in the area;

<sup>97</sup> Findings by Chamber of Auditors, explanatory note delivered by the Capital Building Directorate to the Municipal Council;

<sup>98</sup> Article „Furt legalizat din banii publici”: „...în perioada anilor 2004 - 2006, bugetul municipal a fost „secat” de sute de milioane de lei” (Legal theft of public funds: the municipal budget was emptied of hundreds of millions lei in 2004-2006), Jurnal de Chisinau newspaper, issue 645 from 07.12.2007;

<sup>99</sup> Study on the necessity of cadastral reports and causes of corruption, Analitique review, issue 44 from 01.12.2007;

<sup>100</sup> The 2007 National Anti-Corruption Report, final section on IPC 2007;

**Monitoring grid 2. Consolidation of administrative capacity**

Indicators / Areas	Evolutions / involutions 4th Quarter of 2007	Practical impact of changes	Factors encouraging/discouraging the progress	Quantification of progress in 4th Quarter of 2007	Sources used for assessment
<b>Administrative reform</b> <b>and</b> <b>Administrative efficiency</b> / <b>Stability of governing policy</b>	<ul style="list-style-type: none"> <li>The CPA reform is being implemented;</li> <li>The draft law on public function and status of public functionary was approved;</li> <li>CPA functionaries are being trained;</li> <li>Reorganisations are underway;</li> <li>The enforcement of laws on decentralisation and regional development is being prepared;</li> <li>IT sector is developing, the legal framework in the area is being updated;</li> </ul>	<ul style="list-style-type: none"> <li>More trainings for functionaries were organised;</li> <li>Reorganised structures meet requirements and priorities;</li> <li>Most of planned actions have been accomplished or are being implemented;</li> <li>The number of inspectors has been reduced;</li> <li>The Internet access has grown;</li> <li>New electronic services have been created;</li> <li>A law on electronic communications was adopted;</li> <li>Information systems are protected;</li> <li>A series of measures are delayed, inefficient, expected objectives are failed;</li> </ul>	<i>Encouraging:</i> <ul style="list-style-type: none"> <li>Work of the CPA reform coordinating unit;</li> <li>International assistance and monitoring;</li> <li>Stable socio-political condition;</li> <li>Favourable foreign situation of Moldova;</li> </ul> <i>Discouraging:</i> <ul style="list-style-type: none"> <li>Lack of adequate resources;</li> <li>Delayed measures stipulated by action plans;</li> <li>Inefficient parliamentary control;</li> <li>Previous inefficient reorganisation decisions;</li> <li>Differentiated treatment of LPA authorities;</li> <li>Politicising of public administration;</li> <li>Desire to maintain influence in the territory, but a real decentralisation would reduce this influence;</li> <li>Inexperience of LPA;</li> </ul>	<b>+0.5</b>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Reports on CPA reform;</li> <li>Reports on implementation of governmental plans and strategies;</li> <li>Independent assessments;</li> <li>Mass media;</li> <li>Statements by political parties, local elected officials;</li> <li>Websites (MAPL RAPC and others);</li> </ul>
	<ul style="list-style-type: none"> <li>Tasks from the ruling programme are being fulfilled;</li> <li>An economic growth is registered;</li> <li>The state revises previous privatisations;</li> <li>There are attempts to contest the results of local elections;</li> <li>The implementation of some policy documents and plans in the due term is late;</li> <li>Functionaries are restricted to hold a dual citizenship;</li> </ul>	<ul style="list-style-type: none"> <li>Important strategic projects (SND) were approved, previous programmes are being implemented;</li> <li>Investments in fixed capital are on the rise;</li> <li>Privatisations are revised;</li> <li>Law enforcement bodies are attracted in post-electoral processes;</li> <li>Promotion of some strategic projects is faulty because of financial shortage;</li> <li>Experienced functionaries will have to tender resignation from public service, civically active persons will be unable to participate in politics;</li> </ul>	<i>Encouraging:</i> <ul style="list-style-type: none"> <li>Foreign assistance;</li> <li>Consistency, analysis of implementation of some reforms;</li> <li>Stable social-political situation;</li> </ul> <i>Discouraging:</i> <ul style="list-style-type: none"> <li>Economic interests promoted abusively by authorities;</li> <li>Late revision of privatisations affects stability and confidence;</li> <li>Radical revision of policy on dual citizenship affects stability, may encourage abusive staff sorting;</li> </ul>		
<b>Depoliticising public administration</b> / <b>Interference of economic-administrative and political interests</b>	<ul style="list-style-type: none"> <li>A central political control is maintained;</li> <li>CPA is strongly politicised;</li> <li>Abusive political decisions by former authorities affect acting LPA functionaries;</li> <li>There are trends to politicise the LPA;</li> </ul>	<ul style="list-style-type: none"> <li>Political influence on functionaries is serious;</li> <li>Employments/dismissals have a political nature;</li> <li>Stability of posts is not guaranteed;</li> <li>Opposition-controlled administrations are marginalised, their members are intimidated in continuation (through controls, legal persecutions);</li> </ul>	<i>Discouraging:</i> <ul style="list-style-type: none"> <li>Depoliticising problem is not tackled the least at conceptual level;</li> <li>Interests of the ruling party;</li> <li>A new law on public service, the Conduct Code were not adopted, while the depoliticising principle is not promoted at central and local levels;</li> <li>Employment in public service is not based on contests;</li> </ul>	<b>-0.5</b>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Records of plenary sittings of the Parliament;</li> <li>News of the CPA reform;</li> <li>Statements by political parties, local elected officials;</li> <li>Mass media;</li> <li>Independent assessments;</li> <li>Websites;</li> </ul>
	<ul style="list-style-type: none"> <li>Certain business indicators have improved;</li> <li>Privatisation of public property raises revenues to the budget;</li> <li>The regulatory reform is implemented with delays;</li> <li>There are cases of administrative and repressive interventions in business sector;</li> </ul>	<ul style="list-style-type: none"> <li>Registration of property, execution of contracts are more accessible;</li> <li>Management of public funds is faulty in continuation;</li> <li>Laws modified within Guillotine II did not enter into force;</li> <li>Investors describe some decisions on competition as abusive;</li> </ul>	<i>Encouraging:</i> <ul style="list-style-type: none"> <li>Cooperation between authorities and business representatives;</li> <li>Regulatory reform;</li> </ul> <i>Discouraging:</i> <ul style="list-style-type: none"> <li>Political authorities are interested in building business in continuation;</li> <li>A law on conflict of interests was not adopted;</li> <li>Abusive interventions by law and control bodies;</li> <li>A law on internal audit in public sector was not adopted;</li> </ul>		

Indicators / Areas	Evolutions / involutions 4th Quarter of 2007	Practical impact of changes	Factors encouraging/discouraging the progress	Quantification of progress in 4th Quarter of 2007	Sources used for assessment
<p><b>Probity and transparency of governance</b></p> <p>/</p> <p><b>Combating corruption</b></p>	<ul style="list-style-type: none"> <li>Documents aimed to enhance transparency have been approved;</li> <li>Web transparency has increased;</li> <li>Specialised training courses were held;</li> <li>Access to public information and transparency are limited in continuation;</li> </ul>	<ul style="list-style-type: none"> <li>A new communication strategy on European integration will be implemented;</li> <li>Actions aimed to enhance the web transparency are taken, official websites are being updated but this is not enough;</li> <li>The judiciary are trained in the field of public relations, legal ethics;</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>Implementation of e-governance projects and programmes;</li> <li>Development and IT endowment of authorities;</li> <li>Internal and external monitoring:</li> </ul> <p><i>Discouraging:</i></p> <ul style="list-style-type: none"> <li>Transparency and cooperation between authorities and mass media are problematic;</li> <li>Live broadcasting of parliamentary sittings is obstructed;</li> <li>Information is provided especially "at demand";</li> <li>Access to legal information is difficult so far (online only), Monitorul Oficial is still very expensive;</li> <li>Promotion of the draft law on decision-making transparency is obstructed in continuation;</li> <li>Efficient measures for declaration and control of estate of dignitaries are not implemented;</li> </ul>	- 0.5	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Reports by international institutions;</li> <li>Websites of public authorities;</li> <li>Mass media;</li> <li>Independent assessments;</li> </ul>
	<ul style="list-style-type: none"> <li>The National Anti-Corruption Strategy is being implemented;</li> <li>International assistance is growing, new anti-corruption programmes are underway;</li> <li>The associative sector is becoming more active;</li> <li>Many planned actions are late;</li> <li>Political willingness is not demonstrated through efficient actions;</li> <li>Decisions capable to reduce transparency and public cooperation were made;</li> <li>Anti-corruption indicators are low so far;</li> <li>A new law on parties was adopted;</li> </ul>	<ul style="list-style-type: none"> <li>Actions aimed to implement the strategy are being taken, but there are many shortcomings;</li> <li>New programmes help stirring up actions in the area;</li> <li>NGOs participate in monitoring of anti-corruption programmes;</li> <li>Anti-corruption fight goes on, functionaries are held red-handed, the number of discovered offences is on the rise;</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>International monitoring and assistance;</li> <li>Internal monitoring;</li> <li>Activity of specialised NGOs;</li> </ul> <p><i>Discouraging:</i></p> <ul style="list-style-type: none"> <li>Some delayed actions;</li> <li>Absence of sounding cases concerning governance-affiliated functionaries;</li> <li>Corruption is not combated at a high level;</li> <li>Statements and reports signalling abuses and violations do not have essential consequences;</li> <li>Presence and concomitant implementation of several programmes stipulating similar or same actions (IPAP, MOLICO, MCC);</li> <li>LPA is not seriously participating in implementation of the Anti-Corruption Strategy and related programmes;</li> <li>The number of jail sentences is low, interdiction of running an office is not often applied, estate is not confiscated;</li> <li>New regulations on functioning of parties and control in the area are not enforced;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Statements by authorities, representatives of community institutions;</li> <li>Report on work of CSAECC, Prosecutor-General's Office;</li> <li>2007 National Anti-Corruption Report;</li> <li>Independent studies;</li> <li>Mass media;</li> </ul>

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### **3. TRANSNISTRIAN CONFLICT**

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#### ***“Five-Plus-Two” political negotiations***

Transnistria settlement mediators and observers have continued efforts to resume the “Five-Plus-Two” political negotiation process. The Spanish foreign minister, OSCE Chairman-in-Office Miguel Angel Moratinos has visited Chisinau and called for a common standpoint by OSCE member states regarding the Transnistrian conflict within the Madrid OSCE Ministerial Meeting. The try to organise a round of “Five-Plus-Two” negotiations before the Madrid Meeting failed, though mediators and observers reached an agreement in this respect at the October Vienna consultations.

The November 29-30 Madrid OSCE Ministerial Meeting failed this year again to adopt a regional declaration on Moldova, in spite of the support by the OSCE Chairmanship, E.U. and U.S. Speaking on behalf of the E.U. Presidency, Portuguese Foreign Minister Luis Amado called for an unconditional resumption of Transnistria settlement negotiations and identification of a viable solution which would regulate political, economic and security aspects of the conflict, including the transformation of the present peacekeeping mechanism.”<sup>101</sup>

President Vladimir Voronin has launched a package of initiatives on strengthening of security and confidence between the Transnistrian region and the rest of Moldova, which stipulate economic and commercial cooperation; development of infrastructure; healthcare; resolution of social problems; dissemination of humanitarian aid; resolution of problems in agriculture sector; cooperation in education sector; demilitarisation and strengthening of security. The Moldovan Government has created seven expert groups to elaborate projects aimed at implementing the presidential initiatives. Participants in the negotiation mechanism have welcomed the presidential initiatives and the E.U. expressed readiness to support their implementation by providing technical and financial assistance.

#### ***E.U. – Moldova political dialogue on Transnistrian conflict***

While on a visit to European institutions and NATO on December 5-6, President Vladimir Voronin discussed aspects of the Transnistrian conflict with E.U. High Representative for Foreign and Security Policy Javier Solana and Commissioner for External Policy and European Neighbourhood Policy Benita Ferrero-Waldner. They agreed among others that Transnistria-based economic agents “operating legally via the customs system of Moldova” will be provided access to the asymmetrical trade preferences that the E.U. will award to Moldova in early 2008.

E.U. Special Representative to Moldova Kalman Mizsei has held consultations with Chisinau and Tiraspol authorities regarding initiatives by President Voronin and the OSCE Ministerial Meeting, inviting the sides to resume the negotiations immediately. Ambassador Mizsei has met representatives of the Tiraspol Chamber of Commerce and expressed the E.U. readiness to help developing small business in the region and to provide a direct humanitarian aid to the Transnistrian region, in order to remedy consequences of the summer 2007 drought.

#### ***E.U. diplomatic and political assistance***

European Parliament Vice-President Miguel Angel Martinez has called for the consolidation of the E.U. role in the Transnistrian settlement process, while on a visit to Chisinau. According to Moldpres, the European parliamentarian said that the present E.U. observer status in the settlement process is ineffective and it does not correspond to the role that the E.U. should assume on the European continent. He was optimistic that the future legal and political framework on E.U.-Moldova relations will stipulate a greater E.U. role in the Transnistrian settlement process, and Chisinau authorities backed his idea.

It is worth to note that initiatives raised by Miguel Angel Martinez in Chisinau regarding a greater E.U. role in settling frozen conflicts have been covered by the November 15, 2007 European Parliament Resolution on Consolidation of the European Neighbourhood Policy. It recommends the E.U. inter alia engagement in confidence strengthening programmes, programmes on education and development of civil society in secessionist regions. The European forum invited Ukraine to join the travel restrictions introduced by E.U. on Transnistrian leaders.<sup>102</sup>

#### ***Istanbul commitments of Russian Federation***

The November 29-30 Madrid OSCE Ministerial Meeting failed for the 5<sup>th</sup> year in a row to adopt a final declaration because of the disagreement between majority of OSCE member states and Russian Federation regarding the honouring of commitments to unconditionally withdraw Russian ammunitions and troops from Moldova. Moldovan Foreign Minister Andrei Stratan demanded the unconditional withdrawal of Russian ammunitions and troops from the Transnistrian region, saying that a plenary honouring of the Istanbul commitments would have a positive influence on the political settlement of the Transnistrian conflict. Also, Moldova called for the reduction of the military contingent of peacekeeping mechanism, as well as for the “immediate transformation of the so-called peacekeeping operation into a multinational civil mission with an

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<sup>101</sup> Opening statement delivered by State and Foreign Minister of Portugal Luis Amado, chairman of the E.U. Council, at the November 29, 2007 Madrid OSCE Ministerial Meeting, [www.osce.org](http://www.osce.org);

<sup>102</sup> European Parliament Resolution on Consolidation of ENP, 15 November 2007, [www.europarl.europa.eu](http://www.europarl.europa.eu);

OSCE mandate."<sup>103</sup> Minister Stratan welcomed the E.U. initiative to launch a mission to supervise peacekeepers in the security zone.

Although Russia has suspended its participation in the Adapted Conventional Forces in Europe Treaty, NATO member states conditioned in continuation the ratification of this document with Russia's plenary honouring of its Istanbul commitments on Georgia and Moldova.

### ***Securing Moldova-Ukraine border***

The 5th phasis of the E.U. Border Assistance Mission (EUBAM) to Moldova and Ukraine, which was extended with two years until November 2009, began on November 30. According to an EUBAM communication, the Mission continued in September-October to monitor the enforcement of the December 30, 2005 Joint Declaration by Moldovan and Ukrainian premiers, as well as of the regulation on access of Transnistria-based economic agents to European trade preferences. It said that about 370 Transnistria-based economic agents have been registered with the Chamber of Commerce and Industry of Moldova for a temporary or permanent term until late October 2007, and their trade exchanges with E.U. were valued at 700 million euros.<sup>104</sup> Also, EUBAM has developed skills of Moldovan and Ukrainian border guard services, endowed them with special equipment, organised study visits and provided advisory. The Mission indicated among areas which raise concern so far the fight against corruption and smuggling, prevention of crime, improvement of information exchanges. At the same time, the Mission continued discovering illicit actions, with registration of foreign luxury vehicles in the Transnistrian region by Ukrainian citizens being the latest case of this kind.

### ***Participation of civil society***

While on a visit to Tiraspol, E.U. special representative to Moldova has made public plans to open a European Information Centre in the Transnistrian region and assured Transnistrian officials that issues related to the functioning of this centre will be the topic of a permanent dialogue between E.U. representatives and Transnistrian authorities.

Official information about structure, financing and exact activity of the planned centre is unavailable. It seems that an expert group is in charge with registering the Tiraspol Centre. According to group representatives, the centre will open by late 2008 and it will provide information about the European Neighbourhood Policy, Schengen area and EUMAP; will organise intercultural, scientific and educational exchanges with E.U. member states; will have a website and a publication titled "European Transnistria"<sup>105</sup> They said that founders will invite representatives of Chisinau and Tiraspol authorities to be special observers.

The idea to open a European Information Centre in Transnistria has been discussed by civil organisations for quite a long time as an initiative capable to enhance the visibility and knowledge of E.U. in the region, as well as to promote European values. At the same time, this initiative will succeed at the extent at which it will be independent of Transnistrian authorities and declared adepts of independence and statehood of the separatist region.

<sup>103</sup> Statement delivered by Moldovan Minister of Foreign Affairs and European Integration Andrei Stratan at the opening sitting of the November 29, 2007 Madrid OSCE Ministerial Meeting, [www.osce.org](http://www.osce.org);

<sup>104</sup> Brief report on the 8<sup>th</sup> meeting of the EUBAM Advisory Board, 30 November 2007", [www.eubam.org](http://www.eubam.org);

<sup>105</sup> "European Information Centre will open in Transnistria," Novy Region, 21 November 2007, [www.nr2.ru/pmr](http://www.nr2.ru/pmr);

### Monitoring grid 3. Transnistrian conflict

Indicators / Areas	Evolutions / involutions 4th Quarter of 2007	Practical impact of changes	Factors encouraging/discouraging the progress	Quantification of progress in 4th Quarter of 2007	Sources used for assessment
<b>(Five-Plus-Two) political negotiations</b>	<ul style="list-style-type: none"> <li>Political negotiations were not resumed in spite of efforts by mediators and observers and visit by OSCE chairman-in-office to Moldova;</li> <li>The OSCE Ministerial Meeting failed again to adopt a regional declaration on Moldova;</li> <li>President Vladimir Voronin launched initiatives aimed to strengthen confidence and security, participants in the negotiation mechanism welcomed them, but Transnistrian authorities turned them down;</li> </ul>	<ul style="list-style-type: none"> <li>Political negotiations were blocked in continuation.</li> <li>Incapacity of OSCE to adopt a regional statement on Moldova throws doubts on efficiency of this organisation;</li> <li>E.U., OSCE, U.S., Ukraine and Russia welcome President Voronin's initiative but it is hard to implement them because Transnistria is not interested;</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>Sustained efforts by mediators and observers.</li> </ul> <p><i>Discouraging:</i></p> <ul style="list-style-type: none"> <li>Russia's policy, resumption of Russian financial assistance for Transnistria;</li> </ul>	0	Moldpres, Novy Region, Infotag;
<b>E.U.-Moldova cooperation</b>	<ul style="list-style-type: none"> <li>President Voronin discussed the Transnistrian conflict in Brussels with Javier Solana, Benita Ferrero-Waldner, and other European officials;</li> <li>E.U. special representative to Moldova held consultations in Chisinau and Tiraspol;</li> </ul>	<ul style="list-style-type: none"> <li>The Transnistrian conflict is a priority on agenda of Moldova-E.U. relations;</li> <li>E.U. special representative ensures a permanent E.U.-Moldova dialogue on Transnistrian conflict and E.U. "presence" on the ground;</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>European Neighbourhood Policy;</li> <li>Opening and credibility of Moldova;</li> <li>Moldova's progress in other areas of EUMAP;</li> </ul>	+ 1	E.U. website, Moldpres, Novy Region, website of Moldovan president;
<b>E.U. diplomatic and political assistance</b>	<ul style="list-style-type: none"> <li>European Parliament vice-president visited Moldova and called for a greater E.U. role in the Transnistria settlement process;</li> <li>The European Parliament Resolution on ENP Consolidation recommends a greater E.U. role in settling "frozen" conflicts and invites Ukraine to join the E.U. travel restrictions on Transnistrian leaders;</li> </ul>	<ul style="list-style-type: none"> <li>The Transnistrian conflict is a priority on agenda of Moldova-E.U. relations;</li> <li>Activity of the European Parliament helps raising awareness of European decision makers over "frozen" conflicts;</li> <li>Conditioning of E.U.-Ukraine relations with Ukraine's cooperation in settlement process;</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>European Neighbourhood Policy;</li> <li>Opening and credibility of Moldova;</li> <li>Moldova's progress in other areas of EUMAP;</li> </ul>	+ 1	Website of the European Parliament, Infotag, Moldpres;
<b>Russia's Istanbul commitments</b>	<ul style="list-style-type: none"> <li>NATO member states continue conditioning the CFE ratification with withdrawal of Russian troops and ammunitions from Moldova, though Russia has suspended its participation in this treaty;</li> </ul> <p>Moldova demanded at the Madrid OSCE Ministerial Meeting the unconditional withdrawal of Russian ammunitions and troops from the Transnistrian region, the transformation of the peacekeeping operation into a civil observance mission with an OSCE mandate;</p>	<ul style="list-style-type: none"> <li>Lack of progress in withdrawing Russian troops and ammunitions from Transnistria in a predictable future;</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>Moldova's insistence of standpoint of the OSCE Meeting, joining the stance of NATO and E.U. member states;</li> </ul> <p><i>Discouraging:</i></p> <ul style="list-style-type: none"> <li>Increasingly intransigent policy of Russia;</li> </ul>	0	OSCE website, MFAEI website;
<b>Securing Moldova-Ukraine border</b>	<ul style="list-style-type: none"> <li>The 5<sup>th</sup> phase of EUBAM has started;</li> <li>The EUBAM continued contributing to the implementation of the joint customs regime and regulations on registration of Transnistria-based economic agents;</li> <li>More than 370 Transnistrian economic agents have been registered and their trade exchanges with E.U. have grown;</li> </ul>	<ul style="list-style-type: none"> <li>Legalisation of Transnistrian business, participation of Transnistria-based economic agents in Moldova's customs area, their access to European trade preferences;</li> <li>Securing Moldova-Ukraine border, combating smuggling;</li> <li>Professionalising customs and border guard services;</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>Ukraine's constructive participation;</li> <li>E.U. support, European Neighbourhood Policy;</li> </ul>	+ 2	EUBAM website, Infotag, Moldpres;
<b>Participation of civil society</b>	<ul style="list-style-type: none"> <li>E.U. special representative has announced plans to open a European Information Centre in Transnistria. An initiative group in charge with registering the centre says that the centre will open in 2008;</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing visibility and knowledge of E.U. in Transnistrian region;</li> <li>Promoting European values in Transnistria;</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>E.U. political and financial support for civil society from the region;</li> <li>Sensibility of civil society towards the conflict;</li> </ul>	0	Novy Region;



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## 4. JUSTICE

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### *Capacity of imposing respect for law / Status and independence of judges and prosecutors / Transparency / Training of judiciary and financing*

#### Progresses:

- The Parliament has adopted amendments concerning publishing of legal information and judgments (Law # 258/29.11.2007); incrimination of the violation of provision on declaration of incomes and estates by judges, violation of terms of editing of rulings and delivery of their copies, transparency of SCM (Law # 257/29.11.2007); introduction of new criteria and indicators for assessment of criminal investigations (Law # 242/2007); authorisation of the disciplinary college to demand controls by inspection judges (Law # 302/27.12.2007);
- Protracted examination of criminal charges was reduced thanks to cooperation between prosecutors and judges<sup>106</sup>;
- SCM has approved the Conduct Code of judges (Decision # 366/15 from 29.11.2007) and the internal type-regulation of law courts and courts of appeal (Decision # 401/16 from 20.12.2007);
- New draft laws on prosecution have been elaborated and they will be unified into a single document<sup>107</sup>;
- The implementation of the EC-CoE joint programme on enhancing independence, transparency and effectiveness of the judiciary is being monitored<sup>108</sup>;
- Competent authorities are cooperating to implement the legal component of the PCP of Millennium Challenge Account<sup>109</sup>;
- The development strategy of execution system and an action plan on its implementation (GD # 1393/12.12.2007), as well as the concept of the automatic information system called register of execution procedures (GD# 1520/29.12.2007) have been approved;
- The law on state-guaranteed legal assistance is being implemented, in particular, an action plan and working group have been approved under the Ministry of Justice Order # 412 from 01.11.2007; the draft regulation of the national council for state-guaranteed legal assistance is being finalised, headquarters for the territorial council and office have been demanded (Ministry of Justice's letter # 04/13498 from 10.12.2007); 2 pilot offices of public attorneys have been opened and function (districts of Ciocana and Botanica in Chisinau);
- The SCM website is periodically updated, in particular, decisions are published and contests on promotion of judges are announced (but this is not enough and does not meet all requirements);
- SCJ has evaluated the execution of its previous judgments on examination of criminal cases with arrested persons and noted that the quality of justice has improved and recommended some solutions in this area<sup>110</sup>;
- The National Institute of Justice (NIJ) has opened and international institutions appreciate actions in this area<sup>111</sup>;
- Legal executors, officers of the probation service are being trained by NIJ (short-term courses, thematic seminars);
- The 2008 allocations for the judiciary have been increased (but insignificantly compared with other law enforcement bodies); allocations for NIJ have been increased (the NIJ budget for 2008 will account for about 7.7 million lei); the 2008 state budget law foresees 5.4 million lei for the opening of internal networks in law courts.

#### Shortcomings and problems:

- The execution of actions stipulated by *EUMAP* is late and they should be implemented by the end of 2007 (priority action plan approved under the GD # 113/03.02.2007);
- Actions stipulated by the *Action Plan on Implementation of the Strategy on Consolidation of the Judicial System* (PD # 174/19.07.2007) have not been executed or were implemented later than needed, in particular, implementation of European standards concerning state-guaranteed legal assistance; elaboration of a normative framework on assessment of activity of judges and auxiliary personnel and a concept on execution of the case management software, monitoring of performances of the judiciary, etc.;
- Actions stipulated by the *national programme on implementation of IPAP RM-NATO* (GD # 1506/29.12.2006) have been delayed, in particular regarding revision of the remuneration system for state-guaranteed legal assistance; updating of the state tax system aimed to ensure an efficient access of socially vulnerable persons to justice; publishing of public information on websites of law courts; consideration of opportunity to create prosecutor's offices at level of law courts, including Courts of Appeal, Economic Court of Appeal and Supreme Court of Justice;
- Actions stipulated by the *action plan* aimed to ensure respect for the right to petitioning, information and access to justice (GD # 1013/12.09.2007) were not executed;
- Changes in justice sector are not visible in society, confidence of population towards the judiciary is low (around 30 percent or even less)<sup>112</sup>;

<sup>106</sup> Sitting of the Prosecutor's Office College on totals of 2007;

<sup>107</sup> Debates on draft laws concerning organisation of the Prosecutor's Office, status of prosecutors and Superior Council of Prosecutor's Office, 15.11.2007;

<sup>108</sup> Programme approved under the GD # 959 from 22.08.2007; the 12.11.2007 meeting of the interdepartmental group in charge with monitoring the implementation; sitting of the Programme Coordination Committee, 05.12.2007;

<sup>109</sup> Meeting between deputy minister of justice and Preliminary Programmes director, 04.12.2007;

<sup>110</sup> SCJ Decision # 22 from 05.11.2007;

<sup>111</sup> Taking part in the opening was EC Secretary-General Terry Davis, who delivered an assessment speech, [www.bice.md](http://www.bice.md);

<sup>112</sup> Frequent appeals to the Human Rights Centre (interview with ombudswoman Raisa Apolschii, IPN News Agency, 03.01.2008); BSP surveys (Omnimas, November 2007); OPB (IPP, November 2007);

- Meddling of high-ranking dignitaries in trials is signalled in continuation<sup>113</sup>;
- Representatives of community institutions warn that political opponents and journalists are legally persecuted in Moldova and recommended more efficient measures<sup>114</sup>;
- Higher law courts outlawed judgments concerning political opposition representatives after violation of human rights and after that situation fuelled criticism by international institutions, sentencing of Moldova by the ECHR<sup>115</sup>;
- The panel which studied the case of an opposition representative challenged because of double standards, bias, violation of the right to defence<sup>116</sup>;
- Judges have to examine a lot of cases, number of judges and their assistants shall be increased,<sup>117</sup> but actions taken in this regard are very slow;
- Judgments on important properties are outlawed in continuation and this situation deteriorates the confidence towards honest judiciary<sup>118</sup>;
- Quality of legal investigations shall improve much (prosecutors have returned 900 penal cases administrated by MIA and 11 criminal cases administrated by the Customs Service, in order to be completed);
- High-ranking dignitaries do not execute final judgments and thus they challenge new damages<sup>119</sup>;
- The association of judges raised concern with arguments regarding material responsibility of judges which should occur only in case of deliberate violation of legal provisions, otherwise this may limit the independence of the judiciary<sup>120</sup>;
- A study on transmission of some administrative competences from judges to auxiliary personnel signal practices that should be excluded from activity of judges, in particular, audience hours; work programme; examination of petitions by citizens. Also, some competences could be transferred from judges to clerks, in particular, activities prior to proceedings (control of demands, preparation of cases for proceedings, delivery of case to a judge, issuance of documentation); activities during proceedings; activities after proceedings (editing of some rulings);
- Legislation is violated in the process of management of allocations for supreme law courts<sup>121</sup>;
- Political leaders, business personalities, human rights protectors, nongovernmental experts, and others continue to raise serious concern with independence and efficiency of the judiciary in Moldova<sup>122</sup>;
- Transparency is still low, websites do not correspond to public information requirements and they are not often updated.

## Alternative ways to settle litigations / Penitentiaries

### Progresses:

- The percent of criminal cases examined accordingly to the special procedure of the guilt recognition agreement is maintained (49 percent of all criminal cases delivered to the justice)<sup>123</sup>;
- The Law # 134-XVI from 14.06. 2007 concerning mediation was re-examined and adopted by Parliament and it was published in Monitorul Oficial in late 2007;
- An action plan of the Ministry of Justice concerning implementation of the mediation law (JM Order # 485/18.12. 2007) was approved; the Ministry of Justice has asked competent authorities to delegate representatives to the commission for the selection of members of the mediation council;
- Seminars on alternative penalties took place (on December 14, 2007 in the Balti municipality for execution offices from the northern area); representatives of Moldova attended international thematic manifestations (the international conference on probation in Europe, held in Estonia; the workshop on probation regarding minors, experience of Moldova and France, held in Balti, Cahul, Chisinau on November 27-29, 2007);
- The Parliament examined and passed in the first reading the draft law on probation (06.12.2007);
- The Parliament adopted draft laws aimed to decriminalise some actions (Law # 292/21.12.2007);
- The number of inmates has decreased compared with 2006 (by 783 persons, about 9.1 percent);
- Financial allocations for food increased by 20 percent in 2007;

<sup>113</sup> On December 24, 2007, lawyer Veaceslav Turcan asked at a SCJ preliminary sitting to issue an appeal to the Parliament in order to demand the dismissal of Moldovan president because the judge of the law court has repeatedly said during proceedings and in presence of many persons that „the case is under Moldovan president's control and he is „systematically invited to report the examination of this criminal case“; Involvement of PCRM Deputy V.Misin and former presidential advisor S.Mocanu in the „Eugenia Duca“ case, interview published by Jurnal de Chisinau newspaper, 30.11.2007;

<sup>114</sup> Statement delivered by Mrs. Hilde Hardeman at the conference “Moldova in Europe – Europe in Moldova”; “Moldova progresses, but not enough,” said EC Secretary-General Terry Davis;

<sup>115</sup> The Court of Appeal acquitted SDPM leader E.Musuc on November 22, 2007 because of the “absence of criminal elements”; SCJ acquitted former CSAECC officer Grigore Gorea on November 19, 2007;

<sup>116</sup> The panel which was examining the “ambulance case” regarding OMA leader Urechean was challenged on November 19, 2007; at the same time, the prosecutor participating in this case was accused of protracting proceedings, obstructing the hearing of some important witnesses (Gr.Gorea);

<sup>117</sup> Statement by SCM chairman, 16.11.2007;

<sup>118</sup> Case of the real estate in the Albisoara Street in Chisinau involving SRL Arind-Berd and SRL Tower Group (according to the Yekonomicheskoe Obzrenie newspaper, 21.12.2007);

<sup>119</sup> Interpellation submitted by Deputy I.Klipii to the Parliament on November 22, 2007 regarding trials lost by the Ministry of Education and Youth;

<sup>120</sup> Viewpoint by the Executive Council of the Moldovan Association of Judges, SCJ Newsletter # 11/2007;

<sup>121</sup> Decision by the Chamber of Auditors # 75 from 30.10.2007 concerning report on financial revision by the Supreme Court of Justice;

<sup>122</sup> Statement delivered by Deputy O.Serebrian at the December 28, 2007 parliamentary sitting; interview with Deputy V.Filat published by Ziarul de Garda on 20.12.2007; Interview with executive director of the Helsinki Committee for Human Rights, IPN News Agency, 03.01.2008; Interview with Victor Turcanu, manager of BC Victoriabank, Timpul newspaper, 05.11.2007 (Mr. V.Turcanu was dismissed by shareholders the next day, inclusively for what he has stated in the interview); Interview with lawyer A.Tanase, Timpul newspaper, 14.11.2007; Statements delivered by chairperson of the Lawyers for Human Rights Organisation on 14.11.2007 regarding a possible tacit deal between governance and judges, with the latter passing decisions in favour of the government in exchange for promises to be pardoned for taking bribes (SCM did not bitterly react to these accusations, releasing a press statement only), etc.

<sup>123</sup> Totals of the Prosecutor's Office for 2007, [www.procuratura.md](http://www.procuratura.md);

- The volume of products made by enterprises working in the penitentiary system has grown (by 1,790,000 lei, about 7.3 percent);
- The Torture Committee has generally appreciated the efforts to implement its recommendations and the parliamentary commission is satisfied with the taken measures (findings of a control performed by this commission on October 15-31, 2007 were not made public);
- Detention conditions in the penitentiary for women in Rusca have improved much<sup>124</sup>;
- Employees of prisons are being trained (seminars and training courses were held in October-December 2007 in the field of prevention and combat of corruption; promotion of human rights values, European penitentiary rules and penitentiary management). More than 760 employees of prisons were trained in 2007.

#### Shortcomings and problems:

- The enforcement of the mediation law is postponed much and the law was adopted with delay<sup>125</sup>;
- The law on probation was not adopted;
- Improvement of the law on arbitration is delayed;
- Shortage of funds continue to affect the general condition of prisons, budgetary allocations have been reduced<sup>126</sup>;
- Many inmates are young (800 persons are between 15 and 21 years old) or have a medium age (more than 70 percent of detainees are younger than 40 years old);
- According to surveys, about 60 percent out of 1,500 inmates released every year come back to prisons<sup>127</sup>; periodicals criticise the situation in prisons and the way of applying jail terms in Moldova<sup>128</sup>;
- Ombudsmen signal many problems in prisons,<sup>129</sup> in particular, overcrowds; limited job opportunities; bad sanitary conditions, etc.

<sup>124</sup> Prisons have been renovated and endowed within cooperation between the Department of Penitentiaries of the Ministry of Justice, the Swedish Development and Cooperation Agency, NGO Caritas;

<sup>125</sup> The law will enter into force on July 1, 2008, but regulations in this area should be adopted in 2006;

<sup>126</sup> Although salaries, tariffs of energy agents and communal services and prices of other first-need goods have grown, the 2008 budgetary allocations for the penitentiary system (189,225,300 lei) are smaller than in 2007 (189,446,900 lei);

<sup>127</sup> Roundtable on role of police bodies in the social reintegration of former detainees, held by IRP jointly with SIDA on 11.12.2007;

<sup>128</sup> Article „От тюрьмы не зарекайся” by Кишиневский Обозреватель newspaper, issue 47, 20.12.2007;

<sup>129</sup> Press release from 06.11.2007, [www.ombudsman.md](http://www.ombudsman.md);

**Monitoring grid 4. Justice**

Indicators / Areas	Evolutions / involutions 4th Quarter of 2007	Practical impact of changes	Factors encouraging/discouraging the progress	Quantification of progress in 4th Quarter of 2007	Sources used for assessment
<p><b>Capacity of imposing respect for law</b></p> <p>/</p> <p><b>Status and independence of judges and prosecutors</b></p> <p>/</p> <p><b>Transparency</b></p>	<ul style="list-style-type: none"> <li>New legal and normative acts, amendments on this area were adopted;</li> <li>Special programmes and plans are being implemented;</li> <li>Measures are taken to improve the work of prosecution, cooperation between prosecutors and law courts is developing;</li> <li>International institutions appreciated legislative progresses, but they continue to raise serious concerns;</li> <li>Actions aimed to enhance transparency are being accomplished;</li> </ul>	<ul style="list-style-type: none"> <li>Actions stipulated by special plans are being implemented;</li> <li>Measures are taken to improve the execution of legal rulings;</li> <li>Protracted examination of criminal charges was reduced;</li> <li>A website of SCM was launched;</li> <li>Confidence of population towards the judiciary is very low;</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>Foreign assistance and monitoring;</li> <li>More active participation of prosecutor's office;</li> <li>Activity of SCM and SCJ;</li> <li>Sentencing by ECHR;</li> <li>Implementation of special programmes;</li> </ul> <p><i>Discouraging:</i></p> <ul style="list-style-type: none"> <li>Delayed implementation of planned actions;</li> <li>Short allocations;</li> <li>Lots of cases;</li> <li>Non-execution of decisions by high-ranking functionaries;</li> <li>State does not exercise the right to regress;</li> <li>Inefficient service of some judges;</li> <li>Political influence on some cases;</li> <li>Corrupt system;</li> </ul>	<p><b>+0.5</b></p>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>SCJ, SCM decisions;</li> <li>ECHR decisions;</li> <li>Mass media;</li> <li>Websites;</li> <li>Surveys;</li> <li>Communications on activity of prosecutor's office;</li> <li>Records of parliamentary sittings;</li> <li>SCJ newsletter;</li> </ul>
<p><b>Training of the judiciary</b></p> <p>/</p> <p><b>Material ensuring</b></p>	<ul style="list-style-type: none"> <li>NIJ opens;</li> <li>Budgetary allocations for the justice have increased (but insignificantly);</li> </ul>	<ul style="list-style-type: none"> <li>Training courses and experience exchanges are organised;</li> <li>NIJ has a larger budget, it is provided foreign assistance;</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>Foreign assistance;</li> <li>Internal and external monitoring;</li> </ul> <p><i>Discouraging:</i></p> <ul style="list-style-type: none"> <li>Low-quality training, deficit of qualified staff;</li> <li>Insufficient allocations;</li> </ul>	<p><b>+1.5</b></p>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Reports on activity of NIJ, MJ;</li> <li>Independent studies;</li> <li>Mass media;</li> </ul>
<p><b>Alternative ways to settle litigations</b></p> <p>/</p> <p><b>Penitentiaries</b></p>	<ul style="list-style-type: none"> <li>Guilt recognition agreements were signed;</li> <li>The enforcement of the law on mediation is being prepared;</li> <li>Training courses on alternative ways to settle litigations were held;</li> <li>The draft law on probation was passed in the first reading;</li> <li>The number of inmates has decreased;</li> <li>The volume of production manufactured by enterprises working in the judicial system has increased;</li> </ul>	<ul style="list-style-type: none"> <li>Trials when the guilt is recognised develop faster, require less human and material resources;</li> <li>Allocations for food have been increased;</li> <li>Institutions monitoring the situation give positive marks;</li> <li>Temporary detention conditions are inadequate;</li> </ul>	<p><i>Discouraging:</i></p> <ul style="list-style-type: none"> <li>Delayed legislative-normative process;</li> <li>Insufficient knowledge of new mechanisms;</li> <li>A new law on arbitration was not adopted;</li> </ul> <p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>Activity of NGOs, ombudsmen;</li> <li>International assistance;</li> </ul> <p><i>Discouraging:</i></p> <ul style="list-style-type: none"> <li>Big number of inmates;</li> <li>Absence of a law on probation;</li> <li>Short funds;</li> </ul>	<p><b>0</b></p> <p><b>+0.5</b></p>	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> <li>Mass media;</li> <li>DP communications;</li> <li>Websites;</li> <li>HRCM, CPT communications;</li> </ul>

## 5. DEVELOPMENT AND ECONOMIC REFORMS

### *Poverty reduction*

The 2006 poverty indicators were published in the 4<sup>th</sup> quarter of 2007, and they have reportedly decreased to the deepness and severity of extreme and absolute poverty, Gini consumption expense coefficient. But detailed data on poverty indicators on residence environments are unavailable, and at the same time, findings of the Survey of Household Budgets are not available to the public for independent researches. The extreme poverty rate in 2006 was 4.5 percent and the absolute poverty rate was 30.2 percent, with these data being incomparable with indicators for the precedent years because a new methodology was applied.

As regards the living standards of population in the 4<sup>th</sup> quarter of 2007, the rapid rise of prices in the whole semester has affected them. The rise of electricity tariff on August 1, 2007 had a major effect. In this context, the Government has approved a draft law on social protection of population in connection with dearer electricity.<sup>130</sup> According to the draft law, compensations will be paid from the state budget to household consumers from rural areas for the period between August 1 and December 31, 2007 for up to 60 KWh of electricity per month and per household.

The medium monthly salary has grown in continuation, so that it accounted for 2,234 lei in November and 2,014 lei in January-November 2007. Salaries have grown both in the rural sector and in the budgetary sector of economy. Under a governmental decision approving the medium monthly quantum on economy forecasted for 2008, the medium salary will continue to grow up to 2,630 lei. At the same time, the unemployment rate rose by 0.9 percentage points in the 3<sup>rd</sup> quarter of 2007, compared with the precedent trimester, as the number of workers in agriculture, trade, hotels and restaurants has decreased. According to data of the National Bureau for Statistics, the minimum consumption basket in the 3<sup>rd</sup> quarter decreased compared with the 2<sup>nd</sup> trimester, but less compared with the precedent years because of the summer 2007 drought. It is expected to grow in the last quarter, like in other years.

Remittances still are important revenue for Moldovan population. Following a great rise of remittances by individuals working abroad in the 3<sup>rd</sup> quarter, the rise pace slowed down in October and November, turning over 247.07 million dollars. However, people depending on remittances have suffered after the appreciation of leu in 2007, particularly versus U.S. dollar.

### *Consolidation of economic growth*

Although the Government of Moldova has initially forecasted a greater economic growth for 2007, compared with 2006, latest estimates reveal a 4-percent rise. As of data for 9 months of 2007, the GDP has increased by 3.3 percent, compared with January-September 2006. At the same time, the gross value-added is growing slower than the GDP. Investments in fixed capital have advanced by 28.9 percent, and they could account for about 30 percent of the GDP at the end of the year.

Large remittances sustain in continuation the consumption and economic growth. According to data for 9 months of 2007, the final consumption represents 112.36 percent of the GDP. According to the World Bank Report Remittance Trends 2007, Moldova is ranked the 1<sup>st</sup> place in the world together with Tajikistan regarding the share of remittances in GDP, which is 36.2 percent.

Evolutions of the real sector of economy were mainly conditioned by industrial and agricultural recession. Industrial production decreased by 1.9 percent in January-November 2007, compared with the same period of 2006, in comparable prices. Production of processing industry has dropped the most. Agricultural production decreased by 20.9 percent in nine months of 2007, compared with the analogical period of 2006.

### *Macroeconomic and financial stability*

The 2007 inflation rate was 13.1 percent. Prices of food products have grown the most in the last quarter. In order to reduce the rise pace of prices, the National Bank of Moldova continued sterilisation operations. But their volume declined after mandatory reserves in lei and freely convertible foreign currency have been increased up to 15 percent. This measure and the rise of the basic interest rate in September 2007 up to 16 percent aim to influence the volume of credits by commercial banks and redirect available resources on market to savings. This apparently slowed down the inflation rate, which was lower in November and October 2007 than in the same months of 2006. However, inflationist pressures persist because of massive remittances into national economy.

<sup>130</sup> Approved under the Government Decision # 1197 from 05.11.2007;

One part of the governmental debt in amount of 41.2 million lei towards NBM was reimbursed in December. A decision on the 2008 monetary and currency policy of the National Bank of Moldova was made and it says that ensuring and maintaining stability of prices, maintaining an inflation rate below 10 percent in 2008 is the fundamental goal of the central bank. In 2008 the central bank will tend to tighten rates.

### ***Transparency and fiscal durability***

New data on implementation of the law concerning liberalisation of economy were released in December. As of December 1, 2007, arrears worth 4,337,600 million lei to the national public budget have been annulled. About 132 million lei was legalised in 2007 and 6.6 million lei has been collected to the national public budget.

The Ministry of Finance has elaborated a draft law on local public funds and published it on its website for public debates. It aims to build and consolidate the local financial autonomy. The draft law is expected to contribute to predictability by local authorities, enhance independence and responsibility of local public administration authorities in elaborating and managing own resources.

**Monitoring grid 5. Development and economic reforms**

Indicators / Areas	Evolutions / involutions 4th Quarter of 2007	Practical impact of changes	Factors encouraging/discouraging the progress	Quantification of progress in 4th Quarter of 2007	Sources used for assessment
<b>Poverty reduction</b>	<ul style="list-style-type: none"> <li>Amendments to the Law # 355-XVI from 23.12.2005 concerning pay system in budgetary sector;</li> </ul>	<ul style="list-style-type: none"> <li>Amendments to this law operated in early 2007 allowed a rise of the medium monthly salary on economy and of the pay in budgetary sector. Current amendments will allow the further rise of salaries;</li> </ul>	<ul style="list-style-type: none"> <li>Rapid rise of consumer prices in 2007;</li> <li>Intention and promises by Government to increase medium monthly salary up to 300 dollars;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Assessments by authors;</li> <li>NBS accounts;</li> </ul>
	<ul style="list-style-type: none"> <li>Minimum consumer basket in the 3<sup>rd</sup> quarter was 1025.3 lei, by 3.5 percent less than in the 2<sup>nd</sup> trimester;</li> </ul>		<ul style="list-style-type: none"> <li>The summer 2007 drought, which did not allow a reduction of prices of season products;</li> </ul>		
<b>Consolidation of economic growth</b>	<ul style="list-style-type: none"> <li>Investments in fixed capital as share in the GDP are on the rise;</li> </ul>	<ul style="list-style-type: none"> <li>It will contribute to economic growth;</li> </ul>	<ul style="list-style-type: none"> <li>Growth of foreign direct investments in 2007;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Assessments by authors;</li> <li>NBM accounts;</li> </ul>
	<ul style="list-style-type: none"> <li>Rise pace of remittances slowed down in the 4<sup>th</sup> quarter of 2007, following a rapid growth in October;</li> </ul>	<ul style="list-style-type: none"> <li>The final consumption is still high;</li> <li>The trade deficit is on the rise;</li> </ul>	<ul style="list-style-type: none"> <li>Season factor slows down rise pace of remittances;</li> </ul>		
<b>Macroeconomic and financial stability</b>	<ul style="list-style-type: none"> <li>Rise pace of inflation slowed down in the last quarter;</li> </ul>	<ul style="list-style-type: none"> <li>The annual inflation rate in 2007 was lower than in 2006;</li> </ul>	<ul style="list-style-type: none"> <li>Rise of basic interest rate in September;</li> <li>NBM increased the mandatory reserves in lei and freely convertible foreign currency;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Assessments by authors;</li> <li>NBS accounts;</li> </ul>
<b>Transparency and fiscal durability</b>	<ul style="list-style-type: none"> <li>New data on implementation of the law concerning liberalisation of economy are available;</li> </ul>	<ul style="list-style-type: none"> <li>It did not have an impact on the 2007 budget;</li> </ul>	<ul style="list-style-type: none"> <li>Legalisation of capital is slow, but it will continue till late 2008 and it may intensify later;</li> </ul>	0	<ul style="list-style-type: none"> <li>Assessments by authors;</li> </ul>
	<ul style="list-style-type: none"> <li>A draft law on local public funds was worked out;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>Necessity of consolidating the local financial autonomy;</li> </ul>		

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## 6. DEVELOPMENT AND SOCIAL REFORMS

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### *Social dialogue on employment policies*

Although the draft law on security and health at workplace was publicly discussed in the 3<sup>rd</sup> quarter of 2007, no significant evolution was observed in the 4<sup>th</sup> trimester. The draft law was not delivered to the Parliament so far.

On December 24, 2007, the Government adopted the Decision # 1449 concerning labour certificate. The decision instructs heads of economic units and public authorities to ensure a strict and uniform respect for rules on completion, keeping and record of labour certificates. The need of adopting this decision is as doubtful as the necessity of keeping a Soviet-type labour certificate. Or, the decision does not modify the “staff policy” principles typical to a centralised and bureaucratised economy. In order to respect this decision, employers will have to introduce in labour certificates irrelevant information about their relations with employees such as information about evolution of family situation or education of worker.

### *Social protection*

The most important decision adopted by Government in the 4<sup>th</sup> quarter of 2007 stipulates the creation of a commission for the protection of children in need and approving a framework regulation on effect of this decision. This commission will be in charge with: 1) guaranteeing and promoting welfare of children, ensuring the right of children to grow up in a family environment, by taking into account above all the interest of the child, in order to ensure a harmonious emotional, intellectual and physical development; and 2) ensuring the choice of the optimal form of looking after a child in need, by focussing on family-type services, while the placement in a residential institution will be the final child care measure. The commission will be in charge with authorising the placement of a child in family-type facility or residential institution and choosing a professional parental assistant. A very important provision of this decision is the fact that no child can be separated from his biological family or placed in another environment unless such a placement is needed to protect the child against serious damages on his life and health, or a complex evaluation demonstrates that such a placement will meet the needs and superior interests of the child. Under the decision, difficult material conditions of family should not be enough to separate a child from his family.

Another important decision on social protection is that approving a framework regulation on professional parental assistance. It says that the professional parental assistance is a social service which provides a substitutive family care to a child in the family of a professional parental assistant.

### *Healthcare*

The GD # 1114 approving the regulation on nomination of heads of public healthcare institutions on basis of a contest was published in Monitorul Oficial # 157-160 from October 5, 2007. It says that contests for these functions shall be transparent and fair and candidates shall be selected on basis of merits. The Ministry of Health shall announce the contest at least 20 days before the opening.

The national programme against viral hepatitis B, C and D for 2007-11 was approved in October.<sup>131</sup> The need of adopting this programme is unquestionable, given economic and social costs of viral hepatitis. Directly measurable costs (cost of treatment plus losses suffered by budget because workers are ill) were estimated at 266.5 million lei, which was 0.2 percent of the GDP for the period concerned. In spite of positive trends of hepatitis in Moldova, the situation is complicated so far. This programme closes the list of exemplary policy documents elaborated by the Ministry of Health in 2007. It is an operational and financial planning, which takes into account available resources and identifies the needed supplementary funds for different actions.

The reorganisation of the Scientific-Practical Centre for Public Healthcare and Sanitary Management into the National Healthcare Management Centre is another important progress in healthcare sector.<sup>132</sup> The new institution will follow some priority directions, including collection, generalisation and analysis of statistics on public healthcare, studying of medical market, implementation of health management and marketing principles, scientific substantiation of healthcare development strategies.

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<sup>131</sup> Government Decision # 1143 from October 19, 2007, MO # 175-177;

<sup>132</sup> Government Decision # 1247 from November 16, 2007, MO # 188-191;



**Monitoring grid 6. Development and social reforms**

Indicators / Areas	Evolutions / involutions 4th Quarter of 2007	Practical impact of changes	Factors encouraging/discouraging the progress	Quantification of progress in 4th Quarter of 2007	Sources used for assessment
<b>Social dialogue on employment policies</b>	<ul style="list-style-type: none"> <li>The law on health and security at workplace was not adopted;</li> <li>Government approved the decision on labour certificate;</li> </ul>	<ul style="list-style-type: none"> <li>Lack of progress in adopting the law will break its enforcement;</li> <li>Adoption of decisions on labour certificates will not have a practical impact on employer-employee relations;</li> </ul>	<ul style="list-style-type: none"> <li>Hard to find;</li> </ul>	0	<ul style="list-style-type: none"> <li>Assessments by authors;</li> </ul>
<b>Social protection</b>	<ul style="list-style-type: none"> <li>The functioning regulation of the commission for the protection of the child in need and the functioning regulation of the professional parental assistance service were approved;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible impact;</li> </ul>	<ul style="list-style-type: none"> <li>Necessity of implementing the strategy on reformation of the residential child care system and pressures by civil society;</li> </ul>	+1.5	<ul style="list-style-type: none"> <li>Assessments by authors;</li> </ul>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>The regulation on nomination of heads of public healthcare institutions on basis of contests and the National Programme Against Hepatitis B, C and D for 2007-11 were adopted, the National Health Management Centre was created;</li> </ul>	<ul style="list-style-type: none"> <li>No practical impact;</li> </ul>	<ul style="list-style-type: none"> <li>The Ministry of Health realised problems in healthcare sector and professionalism of its employees;</li> </ul>	+1.0	<ul style="list-style-type: none"> <li>Assessments by authors;</li> </ul>

## **7. INTERNATIONAL TRADE**

### ***Commercial relations (Trade regime with E.U.)***

Negotiations on awarding of the Autonomous Trade Preferences (ATP) were successfully finished.

A draft law on amendment and completion of the Customs Code (amendment of the law on rights to intellectual property and temporary admission), the law on customs duty and Code of Administrative Contraventions were delivered to the Government in November 2007, in order to examine and approve them.

However, there are some drawbacks in this area. For example, Moldova did not honour all commitments towards WTO. In particular, it did not honour commitments on customs evaluation rules and foreign trade certification norms.

### ***Export promotion and development***

Accounts for January-November 2007 reveal a rise of trade deficit, which exceeds 2 billion dollars on background of a very high growth of imports (+38.5 percent), supported by a high internal demand. This trend will be apparently maintained in the near future, as main factors that support the high internal demand will be effective, in particular, remittances by Moldovan emigrants (not only currency sent for consumption, but also contribution to appreciation of domestic currency), foreign direct investments and official foreign assistance. Expensive energy resources will also fuel imports.

At the same time, exports have grown by 30.5 percent in the period concerned. But besides positive dynamics of textile and metal exports, there are alarming trends of supplies of agro-food products and spirits. Spirits exports, for example, decreased by approximately 33 percent in January-October 2007 compared with the similar period of 2006. These exports were affected by Russian embargo and decline of supplies to the E.U. Spirits exports to the community market have dropped twofold. The withdrawal of Romania and Bulgaria from the free trade regime explains this evolution. On the other hand, there is a relative positive dynamic of wine exports to Poland, the United Kingdoms, the Czech Republic and Latvia (but it is incomparable with the dynamics of exports to Kazakhstan and Ukraine).

In this context, the resumption of wine exports to the Russian Federation and awarding of Autonomous Trade Preferences by E.U. will sustain the growth of Moldovan exports and will reduce rise paces of trade deficit. But the impact of both factors should not be overrated. As regards wine exports to Russia, Moldovan producers will have to work hard to regain at least a small share of the Russian market it had controlled, given the increasing competition and unclear regulatory framework in this country. As regards ATP, Moldovan companies shall do more to adjust their production to European standards and norms and to take into account quotas introduced by the European Commission for certain Moldovan exports. At the same time, both authorities and companies shall diversify exports and enhance the competitiveness of Moldovan products. The competitiveness is important to boost exports and ensure a better competition on domestic market, too.

### ***Customs***

In general, this sector had positive trends. Many commitments have been honoured. The awarding of ATP by E.U. confirms this fact.

The Customs Service has taken over the competence of issuing preferential origin certificates for E.U. and CEFTA, as well as for CIS. The commodity nomenclature was revised in December accordingly to the automatic commodity codification and description system.

The "one-stop-shop" principle was not completely implemented in 2007 and further it will be a priority in 2008.

The Customs Service jointly with ministries and competent institutions has worked out an action plan on implementation of the "one-stop-shop" principle at border crossing stations for motor vehicles. The plan brings a complex approach in terms of modification of the effective legal framework and simplification and automation of border control procedures by building and implementing integrated information systems and ensuring personnel training and transparency of planned actions.

This principle will be implemented at all customs stations in 2008.

Customs procedures often do not correspond to decisions or obligations assumed by Moldovan authorities in EUMAP such as respect for export licensing terms or commodity evaluation procedures.

## ***Sanitary and phytosanitary standards***

Three sanitary veterinary norms have been approved in the period concerned, in particular, “concerning introduction of minimum measures for the control of certain fish diseases,” „concerning criteria for programmes for the eradication and monitoring of certain animal diseases” and “concerning sanitary veterinary controls on trading of animals and animal products.”

Twenty-eight normative acts have been approved, 15 are being approved and another 19 are planned for 2008, and they are a priority for the promotion of animal exports and supply of animal products to community market. Four basic regulations on food hygiene and safety and official controls by veterinary authorities have been elaborated and are being approved.

Moldovan president is due to promulgate the Law # 221-XVI from 19.10.2007 concerning sanitary veterinary service, which stipulates the reorganisation of veterinary services and creation of the Sanitary Veterinary Agency for Safe Animal Products. The Concept of the Animal Identification and Traceability System (AITS) has been additionally approved.

A mission to Moldova is set for March 2008 to collect facts about fulfilment of recommendations made by FVO experts in the DG(SANCO)/7525/2005 mission report and E.U. veterinary standards, so that to enable Moldova to export animal products to E.U. There are plans to get the European Commission’s consent for the exportation of the following products: milk and dairy, meat products, eggs.

At the same time, in order to fully benefit by liberalisation of trade with E.U., Moldovan companies shall adjust their manufacturing processes to European quality and management systems. In this context, national laboratories in charge with monitoring food safety and performing veterinary diagnostics shall hold relevant international certificates and be endowed with modern equipment. There are a series of shortcomings in this area. Not all laboratories have necessary equipment/facilities and international certification.

## Monitoring grid 7. International trade

Indicators / Areas	Evolutions / involutions 4th Quarter of 2007	Practical impact of changes	Factors encouraging/discouraging the progress	Quantification of progress in 4th Quarter of 2007	Sources used for assessment
<b>Commercial relations</b>	<ul style="list-style-type: none"> <li>ATF have been awarded;</li> </ul>	<ul style="list-style-type: none"> <li>Enlargement of range of products covered by free trade regime with E.U.;</li> <li>Geographical diversification of Moldova's foreign trade;</li> <li>"Sensible" products will be admitted on basis of quotas, which will be increased by 2012;</li> </ul>	<ul style="list-style-type: none"> <li>Pro-active attitude of Moldovan diplomacy;</li> <li>Fulfilment of EC technical requirements needed to receive the ATP by Moldovan bodies in charge;</li> <li>EC readiness to liberalise the trade with Moldova;</li> </ul>	+1.5	<ul style="list-style-type: none"> <li>Assessments by authors;</li> </ul>
<b>Export promotion and development</b>	<ul style="list-style-type: none"> <li>Resumption of wine exports to Russia;</li> <li>Continued geographical enlargement and diversification of Moldovan exports;</li> <li>Trade deficit is growing on background of an alarming rise of imports;</li> </ul>	<ul style="list-style-type: none"> <li>Better condition of Moldovan wine industry;</li> <li>Impact of the embargo is still observed on dynamic of Moldova's commercial relations;</li> </ul>	<ul style="list-style-type: none"> <li>Apparent "warming" of Moldovan-Russian diplomatic relations;</li> <li>Competitiveness of Moldovan products is still low;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Assessments by authors;</li> </ul>
<b>Customs</b>	<ul style="list-style-type: none"> <li>Better functioning of customs service;</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the European origin certification system;</li> <li>The "one-stop-shop" principle is slowly implemented at all customs stations of Moldova;</li> </ul>	<ul style="list-style-type: none"> <li>Requirements to be fulfilled for negotiation of ATP;</li> <li>Assistance by foreign partners (United Kingdoms, Lithuania);</li> </ul>	+1.0	<ul style="list-style-type: none"> <li>Assessments by authors;</li> </ul>
<b>Sanitary and phytosanitary standards/ technical regulations, conformity evaluation</b>	<ul style="list-style-type: none"> <li>Adoption of a series of sanitary and phytosanitary norms;</li> <li>Endowment of expertise laboratories and their certification accordingly to international standards;</li> </ul>	<ul style="list-style-type: none"> <li>Perspective of conforming Moldovan animal exports to rigours of community market;</li> <li>Facilitated adjustment of Moldovan technical standards to European norms;</li> </ul>	<ul style="list-style-type: none"> <li>Institutional inertia and insufficient administrative capacity of agencies;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>Assessments by authors;</li> </ul>

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## **8. BUSINESS CLIMATE**

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### ***Reformation of trade law***

The last trimester of 2007 was not rich in events in the trade law area.

The Government approved in November 2007 the draft law on modification and completion of the Law # 440-XV from 27.07.2007 concerning free economic zones.<sup>133</sup> It extends the list of authorised activities in free economic zones and adds the foreign commercial activity and transportation. The draft law also stipulates that domestic commodities worth up to 50 euros daily introduced in free economic zones for non-commercial purposes will be freed of customs declaration.

### ***Regulatory reform***

In order to simplify the procedure of recording and erasing into/from the state register of legal entities and individual entrepreneurs, the law on state registration of legal entities and individual entrepreneurs was promulgated and will enter into force six months after the publication in Monitorul Oficial. These actions will encourage the private sector, which was disappointed however with the extended implementation of the Guillotine II and violation of the schedule of presentation of communications and legal drafts in the regulatory reform process.

But Moldova's place in the business regulation area is negative. According to the Index of Economic Freedom by The Heritage Foundation and The Wall Street Journal, Moldova has descended to the 89<sup>th</sup> place in the world and it is ranked the 36<sup>th</sup> place among 41 countries in the region, with Moldovan economy being free 58.38 percent. As regards business, it is free 68.5 percent, over global average, and serious problems were signalled in the process of issuance of licences and certificates.

### ***Privatisation***

After the law on property management and privatisation was adopted in May 2007, the Government has made a decision on its implementation, which stipulates in an annex a list of state properties that cannot be privatised. In November 2007 the Stock Exchange held Dutch auctions to sell state securities in 82 stock societies. It transacted shares worth 76.56 million lei in 33 societies. Largest stocks were sold in S.A. Mecanoindmontaj, S.A. Zimbru-Nord, S.A. Intreprinderea de Reparatie a Ambalajelor SLI, S.A. Energonstructia, and S.A. de Reparatii si Construcții Nivelirum.

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<sup>133</sup> Approved under the Government Decision # 1293 from 12.11.2007;

**Monitoring grid 8. Business climate**

Indicators / Areas	Evolutions / involutions 4th Quarter of 2007	Practical impact of changes	Factors encouraging/discouraging the progress	Quantification of progress in 4th Quarter of 2007	Sources used for assessment
<b>Trade law reform</b>	<ul style="list-style-type: none"> <li>▪ The National Audit Standard 545 called audit of assessments and revelations in financial reports of elements reflected at the just value and National Internal Audit Standards were approved and enforced on January 1, 2008;</li> <li>▪ The Government has approved the draft law on modification and completion of the Law # 440-XV from 27.07.2007 concerning free economic zones;</li> </ul>	<ul style="list-style-type: none"> <li>▪ Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensuring convergence of national accountancy and audit norms to European regulations;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>• Assessments by authors;</li> </ul>
<b>Regulatory reform</b>	<ul style="list-style-type: none"> <li>▪ The Parliament adopted the draft law on amendment of the law on basic entrepreneurship regulation principles, but president did not promulgate it;</li> <li>▪ The recent Index of Economic Freedom by The Heritage Foundation and The Wall Street Journal ranked Moldova on the 89<sup>th</sup> place;</li> </ul>	<ul style="list-style-type: none"> <li>▪ The law on basic entrepreneurship regulation principles entered into force on January 1, 2008. Its impact is imperceptible so far;</li> <li>▪ Potential foreign investors consider the place in international standings;</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Government has repeatedly violated the schedule of presentation of normative communications and legislative drafts in the regulatory reform process;</li> <li>▪ Difficult issuance of licences and certificates;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>• Assessments by authors;</li> </ul>
<b>Privatisation</b>	<ul style="list-style-type: none"> <li>▪ State securities were sold at Dutch auctions;</li> </ul>	<ul style="list-style-type: none"> <li>▪ The money was transferred to the state budget;</li> </ul>	<ul style="list-style-type: none"> <li>▪ The list of objects that cannot be privatised includes some facilities which could be administrated more efficiently in the private sector;</li> </ul>	+1	<ul style="list-style-type: none"> <li>• Assessments by authors;</li> </ul>

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## **9. BORDER, MIGRATION AND TRAFFICKING IN HUMAN BEINGS**

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### ***State border guard concept***

Although it should be adopted by the end of 2007, the Parliament did not examine and vote the *National Security Strategy* of Moldova so far. Thus, the new border guard concept for 2007-10, which was elaborated and approved in the first half of 2007, cannot be adopted.<sup>134</sup>

### ***Cooperation between border management agencies***

The cooperation protocol between the Border Guard Service of Moldova and the State Border Guard Service of the Interior Ministry of Lithuania, signed in Vilnius on October 19, 2008 (GD 1333/30.11.2007), was endorsed.

A delegation from the Moldovan Border Guard Service visited the Border Guard Service of Finland (on November 13-15, 2007). Moldovan border guards visited educational institutions of the Finnish Service and border subdivisions. They agreed on an advantageous cooperation in the border guard area.<sup>135</sup>

The E.U. Border Assistance Mission (EUBAM) to Moldova and Ukraine continued to assist the Border Guard Service. BGS officers participated in coordination meetings, sittings of the EUBAM Advisory Board. The Moldovan BGS received technical assistance worth over 700,000 euros within the EC-funded BOMMOLUK project.<sup>136</sup>

A delegation from the Moldovan Border Guard Service visited the Border Guard Service of Finland (on November 13-15, 2007). Moldovan border guards visited educational institutions of the Finnish Service and border subdivisions. They agreed on an advantageous cooperation in the border guard area.<sup>137</sup>

### ***Migration evaluation and monitoring***

The concept of the integrated automatic information system *Migration and Asylum* was approved under the Government Decision # 1401/13.12.2007. Existing information resources of ministries, institutions in charge with making decisions on migration and asylum will be integrated within this system. It shall become a migration management and monitoring tool to control entry and depart from country, ensure control on staying regime of foreigners and stateless people in Moldova, by simplifying record procedures (accordingly to the "one-stop-shop" principle), as well as prevent and combat illegal migration and trafficking in persons.

According to a survey,<sup>138</sup> the number of Moldovan migrants has increased by 10-12 percent following the summer 2007 drought in Moldova.

### ***International cooperation***

Moldovan-Czech consultations on ensuring efficient information exchange between Moldovan and Czech law enforcement bodies against trafficking in human beings, regarding repatriation of migrants to their origin countries, development of cooperation in the field of investigation and documentation of international human trafficking and illegal migration branches took place on November 30, 2007.

Representatives of the Centre Against Trafficking in Persons (CATP) of the Interior Ministry have participated in international seminars,<sup>139</sup> after which the CATP will implement a database on traffickers and the Ministry of Social Protection, Family and Child will build a database on victims.

A representative of the Prosecutor-General's Office has attended the international conference on implementation of the October 25, 2007 Hague Convention concerning civil aspects of international child kidnapping (5-7 December 2007, Germany).

The SEPCA Constitution was signed in Bucharest on December 9, 2007, with Moldova joining the South Eastern Chief Police Officers Association.

Interior affairs consultations with EC representatives were held on December 12, with participants discussing issues related to the struggle against trafficking in human beings, adjustment of national legislation to international standards, assistance and protection of victims/witnesses in Moldova.

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<sup>134</sup> PD # 300/24.11.2005, Article 94 of the Annex;

<sup>135</sup> Press release by the Border Guard Service of Moldova;

<sup>136</sup> Press release by EUBAM, 24.10.2007, [www.eubam.org](http://www.eubam.org);

<sup>137</sup> Press release by the Border Guard Service of Moldova;

<sup>138</sup> Study conducted by CBS-AXA and Sociopolis with the financial support of the Czech Embassy in Chisinau;

<sup>139</sup> Seminar „Intensifying cooperation between law enforcement bodies in South Eastern Europe regarding data collection and migration management”, 13-14 December 2007, Austria;

## ***Correlation of national legislation with European laws***

The Law # 266/07.12.2007 on amendment and completion of legal acts (the law on depart and entry from/into Moldova and the law on identity papers in the national passport system) was adopted to update regulations on beneficiaries of humanitarian protection.

The law on Border Guard Service entered into force on October 5, 2007 and a special action plan was elaborated jointly with EUBAM for this purpose.

## ***Visa policies***

Following documents were ratified and endorsed:

- The facilitated visa agreement between the Republic Moldova and European Community (Law # 237/08.11.2007)<sup>140</sup>;
- The agreement between the Republic of Moldova and European Community concerning readmission of illegal migrants (Law # 238/ 08.11.2007).

## ***Trafficking in human beings: trends***

Independent surveys reveal some trends in the human trafficking area:<sup>141</sup>

- Victims are recruited by persons of the same gender, from the same locality, but there are also cases when victims are recruited in the destination country;
- Destination countries are the following: Poland, Russia, Turkey, Cyprus, United Arabian Emirates, Romania, Italy;
- Traffickers in persons for labour exploitation purposes work in groups;
- The duration of exploitation was reduced;
- Control modalities: psychological manipulation, threatening, blackmail;
- Men are interested more in access to justice; women are interested more in rehabilitation and reintegration assistance.

## ***Prevention of trafficking in human beings and assistance of victims***

The Ministry of Social Protection, Family and Child with the support of the International Organisation for Migration and La Strada organised on December 19-21, 2007 a forum *on integration of protection and assistance services for victims and potential victims of trafficking in human beings into the state social protection service*. Participants shared experience in using good practices for elaboration and implementation of Standard Operational Procedures to protect and assist victims and potential victims of trafficking in human beings.

The Centre Against Trafficking in Persons of the Interior Ministry jointly with representatives of the Centre for the Prevention of Trafficking in Women is holding a campaign aimed to consolidate capacities of young generation against trafficking in persons, inform the society about consequences of human trafficking and illegal migration (the first manifestation took place at the State Pedagogical University Ion Creanga).

## ***Coordination of actions and struggle of phenomenon***

Officers of the U.S. Federal Investigation Bureau organised a training course on questioning techniques and information work at the Interior Ministry's Centre Against Trafficking in Persons on January 21-25, 2008. Taking part in the training programme were officers of the Interior Ministry's Centre Against Trafficking in Persons, Border Guard Service, Customs Service, Centre for the Struggle Against Economic Crimes and Corruption and Information and Security Service.<sup>142</sup>

An international operation called Capture aimed to combat the trafficking in persons took place on October 23-25, 2007. On November 13-16, 2007, a representative of the Prosecutor-General's Office attended the second regional seminar within the programme on supporting development of transnational referring mechanisms (TRM) for persons trafficked in South Eastern Europe. On December 3-5, 2007, the Prosecuting Magistracy of the High Court of Cassation and Justice of Romania organised an experience exchange course for prosecutors from Romania, Ukraine and Moldova to optimise cooperation in legal assistance matters, including exchange of experience on organised crime.

The Prosecutor-General's Office of Moldova has requested Ukrainian law enforcement bodies to extradite Zis Michael, who is internationally wanted for human trafficking charges. According to prosecutors of the directorate for the prevention and combat of trafficking in human beings, Zis Michael is suspected of trafficking in human beings for organ drawing purposes in other states as well. The Centru District Court of the Chisinau municipality has sentenced a person to a 20.6-

<sup>140</sup> Although it is introduced as a major facilitation of travelling to E.U. area, this agreement and enforcement procedures include some clauses which limit Moldovan citizens from getting visas and travelling freely; NGOs signalled negative aspects of these texts and procedures (news conference by Eco-TIRAS and ADEPT, INFOTAG News Agency; see a related commentary at <http://www.e-democracy.md/comments/political/20080130/>);

<sup>141</sup> Study on the campaign aimed to raise awareness over new trends of trafficking in human beings in Moldova, ([www.lastrada.md](http://www.lastrada.md));

<sup>142</sup> The training programme is funded by the U.S. Embassy to Moldova;



year jail term on trafficking in children and pimping charges. Under a SCJ decision, a citizen was sentenced to a 12-year jail term on human trafficking charges.<sup>143</sup>

Officers of the Interior Ministry's Centre Against Trafficking in Persons discovered 516 crimes in 2007, which is by about 11 percent more than in 2006. A criminal group specialised in forging documents was recently held; it issued fake documents to about 160 persons in the past two months only. According to CATP, Moldova is intensively cooperating with Romania to combat the trafficking in Moldovans.

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<sup>143</sup> Press releases by Prosecutor's Office, [www.procuratura.md](http://www.procuratura.md);

**Monitoring grid 9. Border, migration and trafficking in human beings**

Indicators / Areas	Evolutions / involutions 4th Quarter of 2007	Practical impact of changes	Factors encouraging/discouraging the progress	Quantification of progress in 4th Quarter of 2007	Sources used for assessment
<b>State border guard concept</b>	<ul style="list-style-type: none"> <li>It was not approved;</li> </ul>	<ul style="list-style-type: none"> <li>Imperceptible;</li> </ul>	<ul style="list-style-type: none"> <li>The adoption of the National Security Strategy is delayed;</li> </ul>	0	<ul style="list-style-type: none"> <li>Moldovan legislation;</li> </ul>
<b>Cooperation between border management agencies</b>	<ul style="list-style-type: none"> <li>New cooperation agreements were signed;</li> <li>Experience exchanges;</li> <li>EUBAM monitored the enforcement of the Joint Declaration concerning the joint customs regime at the Moldovan-Ukrainian border;</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation is developing;</li> <li>Cooperation is becoming a legal tool;</li> <li>EUBAM assisted Moldovan and Ukrainian customs and border guard services in terms of training, advisory, technical assistance and equipment;</li> </ul>	<ul style="list-style-type: none"> <li>Activity of authorities in charge;</li> </ul>	+1	<ul style="list-style-type: none"> <li>BGS;</li> <li>MIA;</li> <li>E.U. , EUBAM;</li> <li>Websites;</li> </ul>
<b>Migration monitoring and evaluation</b>	<ul style="list-style-type: none"> <li>Relevant normative acts were approved;</li> <li>Number of migrants is on the rise;</li> <li>A national action programme on migration and asylum is being implemented;</li> </ul>	<ul style="list-style-type: none"> <li>A special information system will be built;</li> <li>Consolidation of skills in implementing migration and asylum policies;</li> <li>Surveys and special researches are conducted;</li> <li>Information campaigns were launched;</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>Local and international cooperation between specialised bodies and authorities;</li> <li>Activity of NGOs;</li> </ul> <p><i>Discouraging:</i></p> <ul style="list-style-type: none"> <li>Planned actions are late;</li> <li>Lack of resources;</li> <li>Institutional inertia;</li> </ul>	+0.5	<ul style="list-style-type: none"> <li>MIA;</li> <li>IOM;</li> <li>Websites;</li> </ul>
<b>Visa policies and alignment of legislation to E.U. norms</b>	<ul style="list-style-type: none"> <li>Ratification of agreements with E.U.;</li> <li>The Common Visa Application Centre is enlarging;</li> </ul>	<ul style="list-style-type: none"> <li>New agreements entered into force;</li> <li>The number of countries participating in the Common Visa Application Centre is on the rise;</li> <li>Visa applications procedures are difficult;</li> </ul>	<ul style="list-style-type: none"> <li>Activity of MFAEL,</li> <li>Efficient cooperation between E.U. officials and Moldovan authorities;</li> <li>Strict visa application requirements for common citizens;</li> </ul>	+1	
<b>Prevention of trafficking in human beings and assistance of victims</b>	<ul style="list-style-type: none"> <li>Joint actions are being implemented;</li> <li>Assistance projects are being implemented;</li> </ul>	<ul style="list-style-type: none"> <li>Raising awareness of citizens;</li> <li>Victims receive qualified advisory;</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation between state bodies and relevant specialised organisations;</li> <li>Activity of NGOs;</li> </ul>	+1	<ul style="list-style-type: none"> <li>LaStrada;</li> <li>MIA (CATP);</li> <li>IOM;</li> </ul>
<b>Coordination of actions and struggle of phenomenon</b>	<ul style="list-style-type: none"> <li>Many cases have been filed and the number of persons tried on human trafficking charges has increased;</li> <li>Development of international cooperation;</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation between NGOs and police bodies to prevent and combat the human trafficking;</li> <li>Bodies in charge with combating the trafficking in human beings are more operative.</li> </ul>	<p><i>Encouraging:</i></p> <ul style="list-style-type: none"> <li>Intense activity of Moldovan NGOs in assisting victims of trafficking in human beings;</li> </ul> <p><i>Discouraging:</i></p> <ul style="list-style-type: none"> <li>Quality of trials leaves much to be desired;</li> </ul>	+1	<ul style="list-style-type: none"> <li>MIA;</li> <li>Prosecutor-General's Office;</li> <li>La Strada;</li> <li>Websites;</li> </ul>

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## **ABOUT PROJECT AND ORGANISATIONS**

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This report is published as part of the project “The European Union - Republic of Moldova Action Plan: A document accessible to public (2<sup>nd</sup> phase)”. The project is being implemented by two non-governmental organisations: ADEPT and EXPERT-GROUP, and it is financed by Soros-Moldova Foundation. The concept of this project was born in a dynamic political context, which was determined by political, economic, and social factors. In this context, implementation of the E.U.-Moldova Action Plan will be a complex and an important task as well. The Government, the MFAEI, and other central public authorities will play a key role in the enforcement of this Plan. And the civil society, too, plays an important role both in promoting the Plan in society and in monitoring the implementation process.

Under these circumstances, the project is designed to create a wide and open framework for promotion of debate in Moldovan society concerning the implementation of the Action Plan. It bears therefore two objectives:

Objective 1: Improving knowledge about the E.U.-Moldova Action Plan among nongovernmental organisations and society in general, in order to facilitate their participation in discussion regarding Moldova’s European policy.

Objective 2: Lobbying for adoption of public policies via the analysis and expertise in areas envisaged by the E.U.-Moldova Action Plan, in a way that makes the process more efficient, more transparent, and more focussed on achieving the actions described in the Plan.

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

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