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**European Union – Republic of Moldova Action Plan:
Assessment of progress in 3rd Quarter of 2006**

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ABBREVIATIONS AND ACRONYMES

PCA – Partnership and Cooperation Agreement;
PACE – Parliamentary Assembly of the Council of Europe;
NBM – National Bank of Moldova;
NBMi – National Bureau for Migration;
NBS – National Bureau for Statistics of the Republic of Moldova;
EC – European Commission;
CEC – Central Election Commission;
ECHR – European Court of Human Rights;
CoE – Council of Europe;
CLRAE – Congress of Local and Regional Authorities of the Council of Europe;
CIS – Commonwealth of Independent States;
SCJ – Supreme Court of Justice;
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;
PRGF – Poverty Reduction and Growth Facility;
SPSEE – Stability Pact for South East Europe;
RM – Republic of Moldova;
EGPRSP – Economic Growth and Poverty Reduction Strategy Paper;
EU – European Union;
USD – U.S. dollar.

METHODOLOGY

Reports from Euromonitor series aim at an independent and objective 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 will be monitored every trimester.

The Action Plan is a complex document structured in seven chapters on implementation of about 300 actions more or less clearly defined, while others are very ambiguous. Being unable to monitor such a complex document, the authors of Euromonitor have focussed on key actions of the Action Plan (*Priorities for Action*, page 3).

The main areas in which the progress of implementation of the Action Plan was evaluated are:

1. Democratic institutions;
2. Transnistrian conflict;
3. Consolidation of administrative skills;
4. Justice;
5. Development and economic and social reforms;
6. International trade;
7. Business climate;
8. Border control;
9. Combat of trafficking in human beings;
10. Migration management.

The developers have tried to identify what they regarded as key progresses and failures. However, this does not mean that certain important segments have not been covered by this analysis. The developers have worked out a list of quality and quantity indicators for every field in order to assess the progress. Independent experts in the area have been consulted in this context. The quality indicators have been taken over from official statistical sources and other national and international reports. The quality indicators have been quantified on basis of assessments of experts. Every indicator was evaluated on the scale from -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 of experts when foreign experts have been interviewed. The evolution of indicators for every field is indicated in the proper monitoring grid. The grid indicates the evolution in the first trimester of 2006, factors that conditioned this evolution, practical impact on observed developments, circumstances that favour the progress in future, risks that could compromise the progress, as well as the quantity of 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 objective 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.

RESUME

Democratic institutions

Developments in this field have been moderate, with trends being similar to the previous stage. *Stable governance; cooperation between some public institutions* (especially Parliament and the Ministry of Foreign Affairs and European Integration) with *civil society*, new actions in the field of *ensuring equal chances*, adoption of some legislative acts aimed to contribute to *broadcasting reforms* and to reduce legal pressures against mass media are the observed evolutions. Concerns continue to be linked to *human rights* (freedom of manifestations and expression), *freedom of political activity, independence of mass media, consolidation of the state based on the rule of law (efficiency and quality of justice)*. Concerns of authorities with *combating the torture and degrading treatments* are materialised through adoption of some normative acts, filing of penal cases against functionaries guilty for abuses, analysis of situation and establishing of more efficient measures by law enforcement bodies. Some recommendations by the Council of Europe are fulfilled, but most of the planned actions are not finished, the enforcement of laws is late, the adopted laws contain provisions that should be improved. Not all internal causes that make the European Court of Human Rights sentence Moldova are eliminated; some ECHR judgments (Ilascu case, improvement of legislation on meetings, freedom of parties, confessions) are not completely executed. An efficient mechanism of sanctioning for decisions or inactions disqualified by ECHR is not implemented.

Transnistrian conflict

The five-plus-two negotiation process is still blocked. Mediators did not recognise the September 17 referendum held in the Transnistrian region, but the Russian Federation has tried to justify it, with the State Duma adopting a statement on legitimacy of the scrutiny. Cooperation between Moldovan authorities and the E.U. is based on established priorities, *diplomatic, political assistance and assistance in monitoring* the Moldova-Ukraine border is provided in continuation. The Russian Federation does not respect the Istanbul commitments; efforts for evacuation of weapons in order to influence the Transnistrian authorities to execute the ECHR judgment on Ilascu case are tiny. Actions of civil society do not have a visible impact on settlement of the Transnistrian conflict.

Consolidation of administrative capacity

Evolutions in central and local administration reform envisage mainly the analysis and preparations, initial chapters of the strategy on reformation of central public administration. A functional analysis conducted with international assistance reveals deficiencies that require interventions, but the interventions are seldom (ministries and other central institutions were amalgamated in 2005, they were divided in 2006; the activity of some recently created institutions is not efficient). No final efficient measures are taken to consolidate the autonomy and reform the local administration, some changes are planned in administrative-territorial organisation (the Chisinau municipality, regionalisation), but it is hard to establish their efficiency at present. Normative acts needed for functioning of territorial representations of the Ministry of Local Public Administration (MLPA) are adopted, but the efficiency of this activity remains low. Positive evolutions are observed in enhanced administrative efficiency based on information technologies, more transparent governance. The depoliticising of public administration, stability of ruling policy and combat of corruption (efficiency and impact of prevention and struggle) continue to raise concerns. Efficient management of public resources remains a problem that requires adequate solutions.

Justice

The main developments in this area consist of adoption of some *changes to legislation on status of judges, administration of justice, proceeding-penal and proceeding-civil legislation*, but these modifications are not implemented till the end of the period concerned. *No essential consolidation of independence of judges is observed* in adopted laws, while some provisions included helping combat corruption and violation of laws may reduce the independence of judges. No cogent circumstances capable to demonstrate efficiency of previous regulations, declared to contribute to an unbiased promotion and appointment of judges are observed, with this process being not very transparent in continuation, while the procedures are delayed. The same situation is observed regarding education of magistrates (short thematic training through the retraining centre, the Supreme Court of Justice and seminars organised by NGOs). Nor the financing and endowment of justice have significantly progressed, with the budget for justice being completed only with rises needed to enforce the new law on remuneration (real salary rise is minor). The state ensures the remuneration of counsels for the defence appointed by the judge, but these pays remain low, with lawyers seeking higher wages. There are some evolutions in implementing *alternative ways of settling litigations* (unpaid work for community), but main laws aimed to regulate modern practices properly (civil and plenary mediation, probation and juvenile justice) are not adopted. Authorities and competent functionaries pay more attention to situation

in prisons and the monitoring *has certain positive effects*, but the situation in penitentiaries still unfits the standards and legislation in the field.

Development. Economic and social reforms

Poverty indicators *worsened* in 2005-2006, rural poverty has grown and it seems that this trend will continue because of situation in agriculture in general and vine growing and winemaking sector in particular. Although the medium salary on economy is growing, *the number of jobs* in certain fields *is on the decline* (the number of salary earners in agriculture and wine industry has declined). The economic growth has slowed down; evolution of GDP for the 3rd quarter *may hardly reach 3 percent*. Priorities of expenditure included in the 2007 draft state budget law throws doubts on evolution of public finances, with considerable sources being allocated for actions and institutions (residences, reconstructions, repairs) whose *economic efficiency is actually null*.

International trade

The unfavourable evolution in Moldova's foreign trade continued in the 3rd quarter of 2006, too. Official statistics for January-September 2006 (1st-3rd quarters) reveal that exports have declined by 8.2 percent compared with the same period of 2005, while imports have grown by 14.5 percent. The low competitiveness of domestic products conditioned by high costs and inefficient management made them not very demanded on foreign markets. At the same time, the Russian embargo on exportation of Moldovan production has affected almost all domestic producers and exporters. The trade balance deficit has registered an excessive level, which will affect the economic growth for sure. Efforts of the Chisinau authorities to resume the exports to the Russian Federation have failed. The Ministry of Economy and Commerce (MEC) tabled in September the draft strategy on attracting investments and promoting exports for 2006-2015, which is expected to be implemented better than the precedent strategies. Exports to the E.U. and Central and East Europe rose constantly in the 3rd quarter. At the same time, Moldova exports few competitive products, this being a cause of satisfactory use of the GSP Plus System (60 percent only). According to authorities, the E.U. stands ready to draft the package of documents needed to award the system of autonomous trade preferences (ATP) to Moldova. Everything will depend on Government's insistence in negotiations and promptness or receptivity of economic agents to meet the E.U. standards. At the same time, we consider that our exports, mainly agricultural products, will continue being incapable to compete on European market, if the E.U. policy does not cardinaly change.

Business climate

There are *evolutions in the field of reform of commercial law* (modification of the insolvency law and law on state-owned enterprise). The law on basic principles of regulation of entrepreneurial activity and law on sustenance of small and medium businesses must give a new impulse to the *regulatory reform*. Protection of competition does not know *significant progresses*, while the fact that the creation of the specialised National Agency is delayed, the Parliament and Government forgive high fiscal debts of some state entrepreneurs may be regarded as a *regress in the field*. The privatisation process continues to stagnate; a new draft law in the field was worked out but it is not promoted. Several privatisation tenders have been announced, but they lacked transparency. Empowering the Customs Service to certify the origin of goods *simplified and accelerated* the procedure of exportation to the E.U.

Border control

In comparison with the precedent quarter, no significant progresses in *implementing the border control concept* were observed. Evolutions are attested through *intensified cooperation* between agencies in charge with border management and cooperation with neighbouring countries. The E.U. Border Assistance Mission continues to play a major role in improving the border management.

Combating trafficking in human beings

Certain national and international experts (La Strada, Winrock International) have said in the period concerned that the human trafficking in Moldova had relatively declined. This state of things was also confirmed by statistics of the centre for the prevention and combat of trafficking in persons of the Ministry of Interior Affairs. On the other hand, findings of the social campaign „I Also Care” held by the International Centre for the Protection and Promotion of the Rights of Women La Strada in November 2005 – June 2006 reveal a growth of human trafficking. At the same time, new forms of trafficking in persons have been identified. As for example, if members of socially vulnerable families have been earlier victims of traffickers, now there are cases when victims are part of wealthy families. This trend reveals that potential victims do not leave Moldova because they lack jobs, but they rather want to migrate including illegally to other countries in order to earn higher salaries or to find better living standards. The number of persons who seek incomes from trafficking in human beings and involve their relatives in this „business” has grown. The number of those held and sued for seeking gains from human trafficking has also grown. At the same time, officers of the section for struggle against human trafficking within the Prosecutor-General's Office said that the fact that victims of trafficking in

human beings do not testify against traffickers or shortly withdraw their complaints, if they testify, delays the identification of traffickers. A study by International Centre La Strada shows that more than 70 percent of Moldovan population considers that the human trafficking requires an urgent solution. At the same time, churches of religious denominations in Moldova posted intention to create an inter-confession coalition to prevent the trafficking in persons.

Migration management

The lack of progress in the field was also linked to the *closure of the National Bureau for Migration (NBMi)*. However, institutional reorganisations allowed specialised organisations and international assistance agencies to launch *some joint projects*. The closure of the NBMi produced *losses of time needed* for implementation of actions stipulated by EUMAP, though it is said that this institution was closed to implement the reform strategy on LPA. No significant progresses in implementing the national action plan on migration and asylum policy were registered. Authorities, especially the Ministry of Foreign Affairs and European Integration work hard to conclude agreements on readmission and facilitation of visa regime with the European Union, to create a Schengen Information Centre in Chisinau, but progresses in this field depend much on Brussels authorities and E.U. member states. Facilitation of visa regime for Moldovan citizens may have a major effect on promotion of a positive image of the E.U. in Moldova and would enhance the attraction of Moldovan citizenship for residents of the Transnistrian region.

1. DEMOCRATIC INSTITUTIONS

Human rights

Evolutions at this chapter envisage:

- Ratification of Protocol 13 to the European Convention for the Protection of Human Rights and Fundamental Freedoms concerning the abolition of the death penalty in all circumstances (Law # 272-XVI from 29.07.2006);
- Joining to the Second Optional Protocol to the International Pact on Civil and Political Rights concerning the Abolition of the Death Penalty (Law # 273-XVI from 29.07.2006);
- Adoption in first reading of the draft law on prevention and combat of domestic violence;
- General respect for right to free confession¹.

Insignificant progress and problems are observed in several fields:

- Education in the field of human rights (UNDP experts say that the relevant ministry took unsatisfactory actions for education in the field of human rights²);
- Freedom of meetings (Helsinki-Moldova Committee, NGO Hyde Park, Movement of Transnistrian Refugees, Amnesty International Moldova, and others have invoked groundless limitations of the right to organisation and conduct of meetings and manifestations);
- Law on organisation and conduct of meetings is not modified in compliance with EUMAP (2.1 (10); section II, point 47 from legislative programme for 2005-2009);
- Legislation on religious denominations is not improved, property problems are not resolved definitively, there are conflicts between representatives and parishioners of the two metropolitan churches (of Moldova and Bessarabia);
- Promotion of the integrated history course in educational institutions on basis of textbooks contested by experts, teachers and students;
- Ensuring the right to life, normal living standards (according to data of UNFPA³, the medium life expectancy in Moldova remains the lowest one in the region), etc.

Cooperation with civil society

Following **evolutions** were registered:

- The Parliament respects the principles of cooperation with civil society (draft legislative acts are published on the website for public debates; contributions of NGOs are periodically received; several draft legislative acts were worked out and finalised with the support of civil society organisations);
- Several projects aimed to strengthen capacities of nongovernmental organisations were launched with the support of foreign financing organisations (the project Socio-Economic Ability of Youth supported by the World Bank and UNICEF-Moldova; Moldovan Civil Society Consolidation Programme launched by the Swedish International Development Agency with the assistance of USAID, the Norwegian Government);
- The Government admitted representatives of trade unions, employers, business in the process of examination of some decisions (participation in governmental sittings); some decisions are consulted with NGOs;
- MFAEI organises periodically consultative meetings on topics included in EUMAP, other issues of major importance.

Drawbacks and faults are:

- Mass media NGOs denounced the promotion of the Broadcasting Code, warning that cooperation with civil society was mimicked⁴;
- The Government delivered to the Parliament a draft law on modification and completion of the law on public associations, but the document was not publicly debated beforehand⁵;
- The Government did not hold wide public debates on a draft law on mandatory civil responsibility insurance for damages produced by motor vehicles and it did not ask the community of public associations to comment on this document;
- Representatives of some NGOs (the Confederation of Trade Unions from Moldova, Movement of Ecologists, mass media organisations) say that the Government, ministries, other central and local authorities neglect

¹ Accordingly to the report on freedom of religions in the world by the U.S. Department of State, published at <http://www.state.gov/g/drl/rls/irf/2006/71396.htm>.

² Communication by Moldpres Agency, 02.07.2006.

³ According to news by agencies Moldpres, DECA-press.

⁴ Declaration by some media organisations, www.ijc.md.

⁵ Draft law # 3364 from 23.08.2006.

opinions and proposals do not ensure a preliminary consulting before elaboration and promotion of some decisions.

Equal chances and non-discrimination

Progresses:

- The Government endorsed the Regulation of the governmental commission for equality between women and men (GD # 895 from 07.08.2006) and the national plan called Promotion of Equal Human Genders in Society for 2006-2009 (GD # 984 from 25.08.2006);
- The public association *Refugiul Casa Marioarei* opened a telephone line, with the support of the OSCE Mission to Moldova, for women facing crisis and suffering from domestic violence;
- Representatives of the forum of organisations of women from Moldova says that there are a series of faults, though the condition of women in Moldova has improved, and inequality of genders is observed under several aspects: medium salary; unemployment; representation in Parliament and Government; trafficking in human beings; violence, etc.

Preventing torture. Rights of detainees

Situation in the field of preventing the torture and respecting the rights of inmates has become a **more serious concern of competent state institutions:**

- The September 29 sitting of the Moldovan Prosecutor's Office College discussed how penal investigators respect the legislation in order to prevent and combat the torture, respect the legislation on fundamental human rights while applying proceedings (state of things in this field is described as unsatisfactory)⁶. The Prosecutor's Office delivered to court some cases filed against policemen accused of excess of authority or abuse of service;
- According to press releases, the Interior Ministry vehemently blames any case of torture or violence and assumes responsibility for every incident involving its employees, as well as violation of human rights and fundamental freedoms;
- The Complaint Committee has received more than 150 appeals, with most of them being linked to detention conditions;
- The Ministry of Justice assures that detention conditions in Moldovan prisons have essentially improved, but they do not correspond to European standards so far⁷. According to officials who represent the system, detainees in Moldova assure alone about 30 percent of the food they need⁸;
- Ombudsmen monitor the situation in penitentiaries.

Fulfilling recommendations by Council of Europe

The Parliament has adopted the law on modification and completion of the Election Code (Law # 248-XVI from 21.07.2006), which results from the Parliament's action plan on ensuring the fulfilment of CoE recommendations and eliminates a series of shortcomings signalled in OSCE/CoE surveys on Election Code and elections in Moldova. The final document did not tackle a series of main problems indicated in OSCE and CoE surveys: revision of election system; revision of electoral threshold for independent candidates; ensuring representation of national minorities; ensuring participation of nationals from other countries in voting, and others.

The president of the Parliamentary Assembly of the Council of Europe, Rene Van Der Linden, addressed the Moldovan Parliament on July 27. The European official welcomed progresses achieved in the process of fulfilment of CoE recommendations, but suggested that the implementation of adopted documents leaves much to be desired, while functioning of democratic institutions raises concern. He noted that the Transnistrian problem couldn't be an excuse for non-execution of obligations and commitments assumed voluntarily in front of the Council of Europe. The PACE president considers that democratic processes and institutions in Moldova still need important reforms and highlighted, in particular: the functioning of political parties; mass media; justice; human rights and rights of minorities; trafficking in human beings; local autonomy; political freedoms; corruption. The PACE president noted that depriving the leader of AMN parliamentary faction of the right to be part of the Moldovan delegation to PACE, persecuting some opposition representatives from ATU Gagauzia, and others do not correspond to practices and recommendations of CoE. The CoE monitoring on Moldova will continue and will focus on implementation of adopted acts, this being a more important stage than the simple adoption of legislative acts.

The conflict produced by introduction of the integrated history course in pre-university institutions worsened in September. The Moldovan Association of Historians, parliamentary opposition, extra-parliamentary parties, teachers, parents and students criticised the decision of authorities and demanded the withdrawal of what they described doubtful textbooks worked out without transparency and contrary to modern treatment of some events and controversial historical period. Authorities claim that these textbooks correspond to necessary educational requirements and meet the European standards in the field, being surveyed by institutions of the Council of Europe. A

⁶ See www.procuratura.md.

⁷ After www.newsmoldova.md, www.gov.md.

⁸ According to a communication by BASA-press news agency.

sitting convoked by Moldovan president on September 29 acknowledged the presence of some faults in these textbooks and indicated the need of teaching and studying the history on basis of more sources, but the contested books will be used in continuation and academic institutions will get involved more seriously at the second edition only.⁹

A series of recommendations by CoE and tasks assumed by Parliament through the Calendar Programme¹⁰ were not executed by September 2006, notably:

- Revision of the Parliament's Regulation in line with a PACE survey;
- Guaranteeing by legislation of a complete exercising of mandate of parliamentarian without any fear of losing the mandate or immunity for political reasons;
- Revision of legislation on political parties in line with European norms;
- Accordance of legislation and practices on status of the Chisinau municipality, legislation and practices on local public finances with the European chart on local self-governance;
- Condemnation of the principle of dismissal of Comrat mayor by Gagauzia's People's Assembly and investigation of causes of many penal cases filed against opposition leaders at national and local levels;
- Continuation of the reform of security and repression services;
- Development of multicultural and pluralistic approach for education, especially in terms of teaching languages, history and geography.

Execution of ECHR judgments

The European Court of Human Rights (ECHR) sentenced again Moldova on August 8, 2006 in the case *Ermicev vs Moldova* (violation of Article 6 – right to a fair trial, and violation of Art.1 from Protocol 1 to the Convention).

The Prosecutor's Office has filed penal cases against policemen who ill-treated 3 persons by applying violence and torture. This action came after the ECHR sentenced Moldova¹¹ on April 4, 2006.

The Committee of Ministers of the Council of Europe continued in September to examine the execution of the ECHR judgment on *Ilascu and others vs Republic of Moldova and Russian Federation*. Moldovan authorities notify community organisations about appeals upon various international institutions, while Russian authorities do not get involved in settling this problem, though they run the CoE Committee of Ministers.

Representatives of public associations say that the non-execution of judgments¹² is the main cause why the ECHR sentences Moldova. Although legislation allows material, disciplinary and even penal punishment of functionaries who are to blame for non-execution of enforced judgments, such practices are very seldom. Lack of a real independence of the judiciary produces negative effects, while citizens do not believe in local courts and appeal to international justice.

Representatives of the parliamentary commission for human rights consider that the lack of necessary and efficient conditions for a good functioning of democratic institutions, corruption in the judicial system, prosecutor's office and Interior Ministry¹³ are the main causes why Moldova violates human rights.

Ensuring rights to association

A roundtable organised at the initiative of the Moldovan Confederation of Free Unions Solidaritate and the association of district chairmen and councillors has examined problems related to development of bilateral dialogue in 2006-2010.

The Law 245-XVI from 21.07.2006 concerning organisation and functioning of the national commission for collective consultations and negotiations, commissions for consultations and collective negotiations at levels of branch and territory was published on September 8.

The Our Moldova Alliance and the Social Liberal Party signed cooperation agreements with the Romanian National Liberal Party on September 25.

Representatives of some political parties and movements are persecuted for political reasons:

- Leaders of the Social Democratic Party of Moldova (PSDM) claim that they are persecuted and intimidated with the purpose to discredit and annihilate their political force¹⁴. The Republican People's Party (PPR) made common cause with PSDM (PPR statement from 28.09.2006);
- Former minister of education Gheorghe Sima, chairman of the Patria-Rodina Labour Union, is accused of having damaged the state of more than 38,000 lei by privatising a building with fake documents. Sima rejects

⁹ According to a communication by Moldpres news agency.

¹⁰ Under a plan approved under the GD # 284-XVI from 11.11.2005, these actions should be taken (laws adopted) by the end of July 2006.

¹¹ The case *Corsacov vs Moldova* is available at <http://www.justice.md/rom/cedo.htm>.

¹² Interview with chairman of the Association Lawyers for Human Rights Vitalie Nagacevschi, representative of Moldovan citizens at ECHR, published by BASA-press news agency.

¹³ Interview with Stefan Secareanu, chairman of the parliamentary commission for human rights, published by BASA-press news agency.

¹⁴ Communication by BASA-press news agency.

the accusations of the Centre for the Struggle Against Economic Crimes and Corruption, describing them as a political order against him and his party.

Rights of employees

According to the National Bureau for Statistics, the medium salary in national economy accounted for 1,578 lei in January-July 2006, by 29 percent more than in the same period of 2005. The medium salary in budgetary sector amounted to 1,561 lei, while in real sector accounted for 1,843 lei. In comparison with European countries, salary earners in Moldova are paid the lowest wages.

The Parliament has adopted some relevant legislative and normative acts in the field:

- Law # 245-XVI from 21.07.2006 on organisation and functioning of the national commission for collective consultations and negotiations, commissions for collective consultations and negotiations at levels of branch and territory;
- Law # 274-XVI from 29.07.2006 on ratification of the Convention no. 150 on Labour Administration of the International Labour Organisation;
- Law # 269-XVI from 28.07.2006 on modification of Art.82 of the Labour Code. The modality of promoting this amendment has challenged contradictory debates and criticism of trade unions, parliamentary and extra-parliamentary political parties;
- Governmental decisions on execution of laws on salary system in budgetary sector (GD # 1000 from 28.08.2006; # 1054 from 12.09.2006; # 1108 from 25.09.2006; # 1062 from 15.09.2006).

According to statements by representatives of the Moldovan Association of the Blind, more than 50 percent of workers of enterprises for the blind could become jobless because these businesses suffer losses¹⁵. According to the Ministry of Economy and Commerce, salary arrears on economy amounted to 112.9 million lei on July 1 and rose by 16.9 million lei compared with early 2006. Highest salary arrears are registered in agriculture and processing industry.

Freedom of mass media and access to information

The Parliament has adopted important legislative acts:

- Broadcasting Code (# 260-XVI from 27.07.2006);
- Law on completion of Art.16 from Civil Code (# 262-XVI from 28.07.2006).

Opposition parliamentary parties¹⁶ and mass media organisations¹⁷ did not warm the mode of examination and adoption of these documents, saying that certain political, economic interests dictated their drafting.

A public contest for selection of new members of the electronic media watchdog CCA opened on August 18, 2006 (Law # 260-XVI from 27.07.2006).

Representative of the CoE secretary-general said that „the independent press continues to encounter difficulties, though the number of problems faced by mass media in Moldova has dropped in the past three years.” Speaking about the new Broadcasting Code, the representative of the CoE secretary-general said that the document will improve much the situation in Moldovan broadcasting sector, if it is implemented so that to award the status of a true public institution¹⁸ to TeleRadio-Moldova Company.

Policemen held Ghenadie Braghis, sales manager of the TV channel PRO TV Chisinau (SRL Mediapro), on September 7 on bribe taking charges. PRO TV Chisinau has described the Interior Ministry's actions as an abuse and intimidation of independent mass media. Braghis was released after several days of detention, at the initiative of the Prosecutor-General's Office. The OSCE Mission to Moldova, several media organisations¹⁹, and political parties²⁰ have released statements raising concern with the case „Ghenadie Braghis”. The Prosecutor's Office dropped charges against Braghis on September 17 due to the lack of evidence. On October 5, the Prosecutor-General's Office indicted again the Mediapro SRL sales manager on basis of a proposal and materials tabled by penal investigation body of the Interior Ministry²¹.

¹⁵ www.infotag.md.

¹⁶ Records of the July 27 sitting of the Parliament, <http://www.parlament.md/news/plenaryrecords/27.07.2006>.

¹⁷ Statement by several organisations, www.ijc.md.

¹⁸ Programme „In profunzime” with Vladimir Philipov, broadcasted by TV channel PRO-TV Chisinau.

¹⁹ Statement signed by several organisations is available at www.ijc.md.

²⁰ Statement by Republican People's Party, <http://www.ppr.md>.

²¹ Communication by Moldpres news agency.

Monitoring grid 1. Democratic institutions

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
Stability and efficiency of democratic institutions	<ul style="list-style-type: none"> Stability of public institutions is maintained; 	<ul style="list-style-type: none"> Existence of consolidated parliamentary majority; Parliament, Presidency and Government cooperate permanently, coordinate their actions beforehand; Full political control on executive; Political partnership between parliamentary parties; 	<ul style="list-style-type: none"> Better relations with international organisations; Growth of foreign assistance; Positive appreciations of potential investors; Possibilities of consistent implementation of programmes, strategies, priority plans. 	<ul style="list-style-type: none"> Political, administrative and social stability; Lack of evident antagonisms between branches of the power, prevention of major political antagonisms, serious conflicts between parliamentary parties; Monitoring and assistance of international, European organisations; 	<ul style="list-style-type: none"> Trends of stagnation of economic process; Promotion of contested decisions (integrated history, use of budgetary resources for propaganda goals); Fluctuation of administrative personnel, stability of high-ranking functionaries; Lack of progress in Transnistrian settlement [process]; 	+ 1	<ul style="list-style-type: none"> General social-political condition; Stance of international, European institutions; Estimates by authors;
	<ul style="list-style-type: none"> Minor evolutions are observed in activity of political parties; 	<ul style="list-style-type: none"> Stability of political spectre; Foreign monitoring; 	<ul style="list-style-type: none"> Tries to confederate and consolidate political parties; International cooperation between parties develops; Some political parties invoke persecutions of authorities; Confidence of electors for parties does not grow; 	<ul style="list-style-type: none"> Foreign assistance; Leaders of parties realise the need of consolidation, training, developments; 	<ul style="list-style-type: none"> Legislation on parties and their financing is not improved; Political opponents are treated sometimes like enemies, members are intimidated or constrained; Low capacities of new parties, of parties which are not consolidated well; 	0	<ul style="list-style-type: none"> Mass media; Activity of parties; Estimates by authors;
	<ul style="list-style-type: none"> Authorities remark the activity of associative sector; Cooperation between authorities and NGOs is on the rise; 	<ul style="list-style-type: none"> Concept on cooperation between Parliament and civil society, monitoring of its implementation by parliamentary administration; Permanent opening of certain state institutions (Parliament, MFAEL, MEC); Activism of some NGOs; Foreign assistance for associative sector; 	<ul style="list-style-type: none"> NGOs participate in elaboration and promotion of important legislative and normative acts; Opinion of representatives of associative sector is consulted; Periodical consultations on implementation of EUMAP, anti-corruption strategy, national plan on human rights, etc., take place; NGOs benefit of financial assistance, mainly from abroad; 	<ul style="list-style-type: none"> Authorities realise the importance and public benefit of cooperation; Existence of successful experiences of cooperation (ADEPT, CAPC, IDIS Viitorul, IPP, and others); Financial support for activity of NGOs by international institutions, financing organisations; Competent NGOs cooperate in specific fields: election; LPA; struggle against corruption, etc. 	<ul style="list-style-type: none"> Reticence of some state institutions (Government, ministries, LPA authorities); Low cooperation of authorities with mass media NGOs; Still low capacities of NGOs; Possibilities to obtain resources from other countries only via international organisations and institutions; Lack of feed-back information about examination of proposals of NGOs; 	+1.5	<ul style="list-style-type: none"> Mass media; Own experience and estimates by authors; Communications and official statements by authorities (Parliament, MFAEL);

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
	<ul style="list-style-type: none"> Situation regarding plenary respect for human rights remains unsatisfactory, no essential progress is observed; 	<ul style="list-style-type: none"> Monitoring of international organisations; Action plan in the field; 	<ul style="list-style-type: none"> No massive violations of human rights are observed; Authorities take measures to improve situation in certain sensitive fields (detainees, torture, equality of genders, human trafficking); 	<ul style="list-style-type: none"> Implementation of AP in the field, EUMAP; International assistance and monitoring; Activism of competent NGOs; Adoption of some ECHR judgments; 	<ul style="list-style-type: none"> Insufficient resources; Complexity of problems; Low efficiency of justice; Legal nihilism; Insufficient attention toward rights of some minorities; 	+0.5	<ul style="list-style-type: none"> Mass media; Moldovan legislation; Reports by specialised national and international institutions, NGOs;
	<ul style="list-style-type: none"> Legislation is modified to give an impulse to reforms in the field; 	<ul style="list-style-type: none"> Political and economic control on national mass media; Government's control on public broadcasting institutions; Poor quality of adopted laws; 	<ul style="list-style-type: none"> Adoption of the Broadcasting Code and amendments to Article 16 of the Civil Code; Opening of a contest to select new members of the electronic media watchdog CCA; Privatisation of printed publications did not ensure their impartiality and independence; 	<ul style="list-style-type: none"> Monitoring by CoE, E.U.; More consolidated stance of mass media representatives; Attitude of opposition political forces (parliamentary and extra-parliamentary); 	<ul style="list-style-type: none"> Desire to maintain political and economic control on electronic mass media; Few capacities of mass media; Limitation of access to public information; Low professionalism, lack of financial resources from open and not interested sources; 	+1	<ul style="list-style-type: none"> Moldovan legislation; Publications, mass media;
<p>Supremacy of state based on the rule of law /</p> <p>CoE recommendations</p>	<ul style="list-style-type: none"> Certain events and actions affect the principles of the state based on the rule of law; Independence and authority of justice remain low; 	<ul style="list-style-type: none"> Full control of ruling party, its members on central and regional (district) public authorities; Low efficiency of activity of law enforcement bodies; International institutions (CoE); Long examination of some cases of resonance; Unclear evolution or failure of some cases filed earlier against political opponents; 	<ul style="list-style-type: none"> Amendments to laws regulating the activity of SCM, SCJ, status of judge and judicial organisation were adopted, but their implementation is late; Amendments to the law on bar are enforced, the Bar gains more independence, while the Ministry of Justice loses some levers of influence; Legislative norms aimed to improve the situation of trials are adopted; Number of applications to the ECHR grows; 	<ul style="list-style-type: none"> Implementation of EUMAP, CoE recommendations; Monitoring and more active participation of mass media, competent NGOs; Sanctions for violation of legislation by representatives of law enforcement bodies; Analysis of causes of abuses by specialised institutions (SCM, disciplinary colleges); 	<ul style="list-style-type: none"> Slow promotion of reforms in the field; Corruption in law system; Difficult execution of judgments; Lack of eloquent examples of unbiased implementation of law in controversial cases; Refusals of public institutions, high-ranking functionaries to execute judgments; New cases are filed, mainly against political opponents; 	+0.5	<ul style="list-style-type: none"> Moldovan legislation; Decisions by SCM, college of the Prosecutor's Office; Mass media;

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
	<ul style="list-style-type: none"> • CoE recommendations are hardly implemented; • Execution of some ECHR judgments is not ensured completely; 	<ul style="list-style-type: none"> • CoE monitoring; • Insufficient conditions for functioning of democratic institutions; 	<ul style="list-style-type: none"> • Amendments to the Election Code (partly), Civic Code, legislation on justice are adopted (but they are not enforced); • The Broadcasting Code is adopted; • Draft laws deriving from CoE recommendations (LPA, Parliament's Regulation) are passed in the first reading; 	<ul style="list-style-type: none"> • CoE monitoring; • Implementation of the legislative action plan in the field; • Adoption of new judgments by ECHR; 	<ul style="list-style-type: none"> • Inefficient activity of the Parliament and Government in the field; • Slow or partial promotion of amendments to legislation; • Tries to protect political and administrative interests under new regulations; • Non-execution of final judgments; • A mechanism of sanctioning for internal decisions or inactions that produced sentencing by ECHR is not implemented; 	<p>+0.5</p>	<ul style="list-style-type: none"> • Moldovan legislation; • Speech by PACE president in front of the Parliament; • ECHR judgments; • CoE recommendations; • Mass media;
<p>Guaranteeing of human rights and fundamental freedoms</p>	<ul style="list-style-type: none"> • Some legislative acts with international resonance are adopted; • Amendments to the Code of Penal Procedure are adopted; • Some rights (freedom of meetings, religions) are violated; • Some actions stipulated by AP in the field are not taken in the established terms (adoption of some laws, governmental decisions); 	<ul style="list-style-type: none"> • Recommendations by international institutions; • AP in the field; • Adoption of new judgments by ECHR that sentences Moldova; • Forced promotion of the integrated history course; 	<ul style="list-style-type: none"> • Protocol 13 on Abolition of the Death Penalty in All Circumstances to the European Convention on Human Rights and Fundamental Freedoms is ratified and the joining to the Optional Protocol to the International Pact on Civil and Political Rights concerning Abolition of the Death Penalty is voted; • There are tries to resolve the problem of long-term arrest on legislative way, judging of penal cases in a reasonable term; • Ombudsmen asked the Prosecutor-General's Office to revise its standpoint on activity of counsels (lawyers); 	<ul style="list-style-type: none"> • Internal and external monitoring; • Active position of the parliamentary commission for human rights; • Activity of NGOs in the field; • Support of international organisations (UNDP, CoE, OSCE, and others); 	<ul style="list-style-type: none"> • Freedom of meetings is not ensured completely (statements by Helsinki Committee, Hyde Park, Amnesty International Moldova); • Law on organisation and conduct of meetings is not modified in line with CoE recommendations; • Priority problems between metropolitan churches, with Moldovan Metropolitan Church being advantaged; • Old legislation on religious freedom; • Inefficient extra-judicial mechanisms of protection and promotion of human rights; • Formal attitude of authorities toward appeals of ombudsmen, NGOs; 	<p>+0.5</p>	<ul style="list-style-type: none"> • Moldovan legislation; • Reports by international institutions (UNFPA, the U.S. Department of State, CoE); • Appeals by ombudsmen; • Mass media;
<p>Prevention of torture and degrading treatments / Rights of detainees</p>	<ul style="list-style-type: none"> • Situation in the field has become a more serious concern for authorities; • Situation in prisons is improving, but it still unfits international standards and legislation in the field; 	<ul style="list-style-type: none"> • International monitoring; • Sanctioning of Moldova by ECHR; • Detainees from some prisons (Leova) went in for a hunger strike, invoking ill-treatment; • Implementation of the concept on reformation of penitentiary system; 	<ul style="list-style-type: none"> • Special decisions are adopted, sanctioning of abuses is studied; • Cases filed on abuse charges are delivered to law courts; • Ombudsmen monitor situation in penitentiaries permanently and actively; 	<ul style="list-style-type: none"> • Cases filed on abuse charges are delivered to law courts; • Activity of ombudsmen; • Enforcement of the new Execution Code; • Activity of the Committee for Complaints; 	<ul style="list-style-type: none"> • Cases of sanctioning according to a special article (Art.309/1) of the Criminal Code are not made public; • Insufficient financial resources; • Imperfect mechanism of compensation of damages produced abusively (moral damage, exclusion of appealing prescription); • Bad detention conditions; • Insufficient medical services; 	<p>+1</p>	<ul style="list-style-type: none"> • Official communications (Prosecutor's Office, CHRM); • Moldovan legislation; • Mass media;

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
					<ul style="list-style-type: none"> Lack of punishments for intolerance and degrading treatment toward certain manifestations (sexual minorities); 		
Ensuring equal chances	<ul style="list-style-type: none"> Adoption of acts on enforcement of the law on equal chances for women and men; 	<ul style="list-style-type: none"> AP on Human Rights; International institutions; 	<ul style="list-style-type: none"> Regulation on governmental commission for equality between women and men, national plan on promotion of equal genders in society are adopted; Measures are taken to assist victims of violence; Trafficking in women for sexual exploitation is on the decline; Crime rate within family relations decreased; 	<ul style="list-style-type: none"> Assistance of international organisations (OSCE, U.N.); Adequate information of population; Activity of competent NGOs; Promotion of women to governmental offices; 	<ul style="list-style-type: none"> Penal and contravention punishments for discrimination on sex-related reasons; Lack of law on combat of domestic violence and normative framework on implementation; Situation of trafficking in women remains grave; Lack of a network of recovery centres for victims of violence; Lack of a specialised central institution for social protection of women, children; 	+1	<ul style="list-style-type: none"> Moldovan legislation; Reports by international institutions, NGOs; Sociological surveys; Mass media; Data on crimes in family;
Ensuring rights to association	<ul style="list-style-type: none"> Major positive developments are not observed; Cases of persecutions on political reasons are invoked; 	<ul style="list-style-type: none"> Tries of Government to control trade unions, support of a confederation and negligence of the other one; Conflict between the two unionist confederations persists; Low tolerance toward opposition, especially extra-parliamentary; Low cooperation between parties; Forthcoming regional elections in ATU Gagauzia; 	<ul style="list-style-type: none"> Some political parties establish regional and international affiliations; Unionist confederations are in opposition and this affects the proper activity and rights of members; Problem of unionist property abroad (Ukraine) is resolved with delay and difficulties; PSDM, PPR, Labour Union Patria-Rodina, Ravnopravnye Movement invokes persecutions and intimidations on political reasons, some leaders are filed penal cases on their names; 	<ul style="list-style-type: none"> Activism of stronger parties; Assistance of specialised foreign institutions; Activity of strong NGOs; Enforcement of the law on organisation and functioning of the national commission for collective consultations and negotiations, commissions for collective consultations and negotiations at branch and territorial levels; 	<ul style="list-style-type: none"> Delayed revision of legislation on parties; Process of unification of parties stagnates, splitting of some parliamentary parties continues; Legislation on trade unions is not consolidated with norms capable to grant efficient levers to them; Legislation on public associations is not changed; Poor support of state for activity of NGOs, unionist organisations, parties; 	+0.5	<ul style="list-style-type: none"> Moldovan legislation; Mass media; Communications by parties, trade unions;
Respect for rights of employees	<ul style="list-style-type: none"> Major evolutions are not registered; Violations of labour legislation persist; 	<ul style="list-style-type: none"> Activity of Labour Inspection and tripartite commission; Activity of trade unions; Social-economic situation; Labour migration; 	<ul style="list-style-type: none"> Enforcement of the Law # 245-XVI from 21.07.2006; Normative acts on enforcement of the law on salary system in budgetary sector were adopted; The draft strategy on employment for 2007-2020 was worked out; 	<ul style="list-style-type: none"> Imperceptible; 	<ul style="list-style-type: none"> Pace of creation of new jobs is low; Remuneration is lower than in countries in the region, workers choose to immigrate; New law on remuneration of budgetary workers does not have a major effect; Output and efficiency of state enterprises are low, personnel cuts are planned; 	0	<ul style="list-style-type: none"> Moldovan legislation; Reports by unionist organisations; Information about activity of Labour Inspection; Estimates by authors;

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
Freedom of mass media and access to information	<ul style="list-style-type: none"> Improvement of legislative framework; Mass media is intimidated in continuation; 	<ul style="list-style-type: none"> CoE recommendations; Implementation of EUMAP; Interests of governance, main political forces; 	<ul style="list-style-type: none"> Broadcasting Code drafted on basis of CoE recommendations is adopted; Article 16 of the Civil Code is modified, additional criteria are introduced to establish reasonable compensations for non-pecuniary damage; A public contest opened to select new CCA members; Penal cases are filed and they are presented as elements of intimidation of mass media (Gh.Braghis case); Moldovan, Romanian journalists exchange experience, are trained; 	<ul style="list-style-type: none"> International monitoring; Execution of action plan on fulfilment of CoE recommendations; Activity of opposition parliamentary parties; Activity of competent NGOs; 	<ul style="list-style-type: none"> Maintenance of political, control interests in broadcasting field; Imperfect criteria of selection of candidates for CCA; Low financial power of mass media institutions; Legislation on press is not improved; IPNA TeleRadio-Moldova is not completely reformed; Few capacities of local mass media; 	+1	<ul style="list-style-type: none"> Moldovan legislation; Records of plenary sittings of Parliament; Statements by political parties, media organisations; Mass media publications;
	<ul style="list-style-type: none"> Trend of ensuring information „from office” continues; Presentation of information „at demand» remains problematical; 	<ul style="list-style-type: none"> International institutions; EUMAP; Action plan on human rights, combat of corruption, promotion of e-governance; Cooperation of authorities with competent NGOs; Implementation of concept on cooperation of Parliament with civil society; 	<ul style="list-style-type: none"> Parliament ensures publication of draft legislative acts on website; Government publishes agenda of sittings and some texts of draft decisions; Central institutions (MEC, Ministry of Agriculture, MJ, MID, etc.) publish draft acts on websites for public consultation; Technical requirements for contents of websites of public institutions are elaborated; Concept on automatic information system called register of state information resources and systems is adopted; Periodical release of news bulletins of Parliament and Government; 	<ul style="list-style-type: none"> Legal information (Moldovan legislation) is available for free, online; Implementation of national strategy e-Moldova, promotion of e-governance programme; Existence of some sentences for refusal to provide public information; A draft law on transparency of decision-making process is worked out; 	<ul style="list-style-type: none"> Summary participation of Government in ensuring own transparency, of subordinated institutions; poor involvement of LPA authorities; Few competences of functionaries in charge with relations with media (necessity of a preliminary coordination); Lack of law on transparency of decision-making process; Lack of adequate regulations on protection of data, old legislation on hiding information; Difficult implementation of decisions on websites of central institutions, low quality, seldom updating of existing decisions; High cost of Monitorul Oficial; 	+1	<ul style="list-style-type: none"> Moldovan legislation; Web resources; Mass media; Estimates by authors;

2. TRANSNISTRIAN CONFLICT

Five-Plus-Two political negotiations

The Five-Plus-Two negotiations did not restart in the period concerned. Moldovan Minister of Reintegration Vasile Sova told an international conference in Chisinau on September 9 that Moldova does not accept the perspective of freezing the Transnistrian conflict and it will do its best to bring back the sides at negotiation table and to work out a legal status for the Transnistrian region as part of Moldova.

President Vladimir Voronin and his Russian counterpart Vladimir Putin have discussed in Moscow possibilities of resuming the Transnistrian settlement process. According to Russian mass media, President Voronin has promised a status of a wide autonomy for the Transnistrian region in exchange for withdrawal of Russian peacekeepers from the region and Russia's assistance in finding a solution to the Transnistrian conflict. In addition, President Voronin has reportedly promised that Moldova will keep its status of neutrality and will recognise the rights of property of Russian companies in the Transnistrian region.

The mediators (OSCE, Russian Federation, Ukraine) and observers (the United States, the European Union) in the Five-Plus-Two format did not recognise the September 17 referendum in Transnistria and its results. However, while the OSCE, Ukraine, the U.S. and the E.U. have said more than once that the referendum will be nothing but an obstacle on way of settlement of the Transnistrian conflict and the breakaway enclave lacks conditions for a legitimate referendum, the Russian Federation justified the decision of Transnistrian authorities to organise the referendum through the "economic blockade" imposed by Moldova and Ukraine to the region and noted that the September 17 voting respected all procedures, was democratic and open. In addition, the State Duma of Russia unanimously recognised the referendum on October 6, 2006, recommending the Russian Federation to take into account the „free expression of Transnistrian people.”

E.U.-Moldova cooperation

President Vladimir Voronin has met the E.U. special representative for Moldova, Adriaan Jakobovits de Szeged, and discussed current problems linked to relations with E.U. The sides indicated the need of resuming the Transnistrian settlement negotiations as soon as possible, with Voronin emphasising that they will be based on the law on basic principles of Transnistria's status, which the Parliament of Moldova adopted in July 2005.

The E.U. Presidency has released a statement on the September 17 „referendum” held in the Transnistrian region of Moldova. According to the document, the E.U. is aware that the "referendum" in the Transnistrian region contravenes to the internationally recognised sovereignty and territorial integrity of the Republic of Moldova, while situation in Transnistria does not allow the population to express its opinion freely. The E.U. reiterates that it recognises neither the "referendum" nor its results, calling on mediators and observers of the Five-Plus-Two negotiation process led by OSCE to deliver public statements in this respect and urging the sides to resume the Five-Plus-Two negotiations immediately and to work on a rapid and transparent solution to the Transnistrian conflict.

The Finnish E.U. Presidency has released a statement on delayed execution of the ECHR judgment on Ilascu and others vs Republic of Moldova and Russian Federation, at a meeting of the Committee of Ministers of the Council of Europe. The statement reiterates the stance that all ECHR judgments must be implemented unconditionally by the sides condemned for violation of the European Convention on Human Rights.

The E.U. special representative for Moldova, Adriaan Jakobovits de Szeged, has held consultations on Transnistrian problem with officials of the Russian Foreign Ministry. According to a representative of the Russian Foreign Ministry, the E.U. dignitary "was informed about Russia's efforts in the process of maintaining stability" in the Transnistrian region, actions aimed to "persuade the conflicting sides to contribute to the conflict resolution." The sides called for respect for the OSCE principles on settlement of local conflicts and taking into consideration the completions to documents adopted earlier by participants in the Transnistria settlement negotiations.

Respect for Russia's Istanbul commitments

Both the E.U. special representative for Moldova, Adriaan Jakobovits de Szeged, and the U.S. representative at the Five-Plus-Two negotiations, David Kramer, U.S. deputy assistant secretary of state, urged Russia at an international conference in Chisinau on September 9 to respect unconditionally its Istanbul commitments on

withdrawal of troops and munitions from the Transnistrian region and invoked the need of transforming the present peacekeeping mechanism in a multinational one.

Moldovan Minister of Foreign Affairs and European Integration Andrei Stratan called upon Russia in a speech to the U.N. General Assembly on September 26 to speed up the process of evacuation of its troops and munitions from the Transnistrian region and to allow an international inspection to its ammunition depots in the region. Also, Minister Stratan raised concern with inefficiency of the present peacekeeping format in Transnistria and called for its transformation into a multinational mission with international mandate.

Securing Moldova-Ukraine border

Ambassador Jan Boag, head of the European Commission Delegation to Ukraine and Belarus, has said after the third meeting of the E.U. Border Assistance Mission to Moldova and Ukraine that food products and other consumption goods enter the Transnistrian region of Moldova freely and there are no administrative or other obstacles for importation of commodities in this region. The Coordinating Council of the Mission has approved the first part of the E.U.-financed project BOMMOLUK estimated at 9 million euros.

The E.U. Border Assistance Mission to Moldova and Ukraine opened a new office in Chisinau in early July. This decision followed a monitoring of transborder activities aimed at a better coverage.

Participation of civil society

Chisinau hosted an international conference on ways of democratisation of the Transnistrian region on September 27, organised with the financial assistance of the Czech Foreign Ministry. It brought together civil society representatives from Moldova, including the Transnistrian region, and from the E.U., as well as representatives of the E.U., diplomatic corps in Chisinau, donor agencies, etc. Participants discussed the present condition of civil society, human rights and freedoms of citizens from the Transnistrian region and possibilities to improve it. A forum of nongovernmental organisations from the Transnistrian region and the rest of Moldova preceded the conference. Participants in the two events acknowledged the importance of initiatives of civil society for strengthening confidence between citizens from the two banks, coverage of the information vacuum in the Transnistrian region and promotion of democratic and European values on the left bank of the Dniester river.

Monitoring grid 2. Transnistrian conflict

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
Political negotiations (Five-Plus-Two format)	<ul style="list-style-type: none"> Five-Plus-Two negotiations did not restart; President Voronin and his Russian counterpart Vladimir Putin discussed the Transnistrian problem; Mediators and observers did not recognise the September 17 referendum; Russia supported the decision of separatist authorities to hold the referendum; 	<ul style="list-style-type: none"> The September 17 referendum; radicalisation of stance of the Transnistrian region supported by Russia; Activation of Russian foreign policy on "frozen conflicts" in former USSR; 	<ul style="list-style-type: none"> Interruption of political negotiation process for an indefinite period; Compromising Russia's quality of mediator state and of the Five-Plus-Two format implicitly; 	<ul style="list-style-type: none"> Diplomatic mediation of observers and OSCE; Debating "frozen" conflicts by U.N. General Assembly; 	<ul style="list-style-type: none"> Radicalisation of stance of Transnistrian side after the September 17 referendum and before December "presidential" elections; Russia's support for Transnistria; activation of Russia's stance on „frozen conflicts" in former USSR; Dysfunction of the Five-Plus-Two format; 	0	<ul style="list-style-type: none"> News agencies Infotag, Regnum.ru, Basa-press, Olvia-press, Novii Region; Online publication <i>Kommersant.ru</i>;
E.U.-Moldova cooperation	<ul style="list-style-type: none"> President Voronin and E.U. Special Representative Adriaan Jakobovits de Szeged discussed the Transnistrian problem; 	<ul style="list-style-type: none"> Mandate of E.U. special representative within the European Neighbourhood Policy; 	<ul style="list-style-type: none"> Diplomatic support of E.U. for settlement efforts; 	<ul style="list-style-type: none"> Provisions of Action Plan, confirmation of date when Romania will join the E.U.; 	<ul style="list-style-type: none"> Other priorities from agenda of Brussels, energy dialogue between E.U. and Russia; 	+1	<ul style="list-style-type: none"> Presidential press service;
Diplomatic and political assistance of E.U.	<ul style="list-style-type: none"> The E.U. Presidency released a statement on non-recognition of the Transnistrian referendum; The E.U. Presidency demanded execution of ECHR judgment on Ilascu Group; E.U. special representative discussed the Transnistrian problem at Russia's Foreign Ministry; 	<ul style="list-style-type: none"> European Neighbourhood Policy and provisions of EUMAP; 	<ul style="list-style-type: none"> Political and diplomatic support of E.U. for Transnistrian settlement efforts; diplomatic mediation of E.U. for resumption of political negotiations; 	<ul style="list-style-type: none"> Political commitments of E.U. within Action Plan; confirmation of date for Romania's accession to E.U. on January 1, 2007; 	<ul style="list-style-type: none"> Other priorities from agenda of Brussels, energy dialogue between E.U. and Russia; 	+ 1	<ul style="list-style-type: none"> Russian Foreign Ministry, website of the Finnish E.U. Presidency; Council of Europe;
Russia's Istanbul commitments	<ul style="list-style-type: none"> Moldova, E.U., U.S., OSCE urge Russia to respect its Istanbul commitments, invoke need of transforming the peacekeeping operation; 	<ul style="list-style-type: none"> Need of demilitarising the Transnistrian region; 	<ul style="list-style-type: none"> Lack of progress in process of withdrawal of Russian troops and munitions; 	<ul style="list-style-type: none"> U.S. pressures on Russia; Demand for replacement of peacekeeping mission in Transnistria with one with international mandate; 	<ul style="list-style-type: none"> Russia's geopolitical interests; Russia's reticence toward close relations of Moldova and Ukraine with NATO; 	0	<ul style="list-style-type: none"> News agencies Infotag, Regnum.ru, Basa-press, Olvia-press, Novii Region;
Securing Moldova-Ukraine border	<ul style="list-style-type: none"> Adoption of the first part of the E.U. project Better Border Guard Control at Moldova-Ukraine Border, estimated at 9 million euros; E.U. Border Assistance Mission opened new office in Chisinau; 	<ul style="list-style-type: none"> Provisions of EUMAP, cooperation of Moldova and Ukraine with E.U. Mission; Need of intensifying monitoring on transborder activity; 	<ul style="list-style-type: none"> Securing border, combating smuggling at Moldovan-Ukrainian border; Strengthening capacities of Moldovan and Ukrainian customs officers to ensure an efficient border control; 	<ul style="list-style-type: none"> Support of E.U. and U.S.; Cooperation of new Ukrainian government and its respect for joint customs regime with Moldova; 	<ul style="list-style-type: none"> Political instability in Kiev and a possible return of pro-European forces; failure of E.U. to offer a clear accession perspective to Ukraine; 	+ 2	<ul style="list-style-type: none"> News agencies Infotag, Regnum.ru, Basa-press, Olvia-press, Novii Region;
Participation of civil society	<ul style="list-style-type: none"> The conference on ways of democratisation of the Transnistrian region acknowledged the role of civil society in easing a solution to the conflict; 	<ul style="list-style-type: none"> Interest of civil society from new E.U. member states toward Transnistrian problem; 	<ul style="list-style-type: none"> Raising awareness of local and international public opinion over modalities of participation of civil society; 	<ul style="list-style-type: none"> Recognition of role of people's diplomacy in settling the conflict; 	<ul style="list-style-type: none"> Intimidation and persecution of civil society organisations by Transnistrian authorities; 	0	<ul style="list-style-type: none"> Mass media; Information about activity of NGOs;

3. CONSOLIDATION OF ADMINISTRATIVE CAPACITY

Administrative reform / Administrative efficiency

Evolutions in the field of reformation of central public administration (CPA) and local public administration (LPA) are:

- creation of the office of administrative support to assist the implementation of the CPA reform strategy (GD # 1018 from 05.09.2006);
- creation of the fiduciary fund (signing of the agreement with the World Bank) to support the CPA reform;
- appointment of coordinators of information and communication about reform within CPA authorities;
- assessment of the stage of implementation of CPA reform: creation of new central institutions, closure of others; functional analysis;
- adoption of governmental decisions on functioning of Ministry of Local Public Administration (MLPA): # 1059 from 14.09.2006; # 1060 from 14.09.2006;
- approval of the regulation on state record of central bodies of public administration (GD # 1004 from 29.08.2006);
- approval of the concept of internal control and audit system in public sector;
- adoption of modifications that establish election of district councils and city halls in the Chisinau municipality (Law # 263-XVI from 28.07.2006);
- adoption of a package of laws on reform in field of local autonomy: on administrative decentralisation; on local public administration; on modification of some legislative acts on local finances;
- a draft law on public service and status of public functionary is worked out;
- a concept of automatic information system called register of state information resources and systems is approved (GD # 1032 from 06.09.2006);
- the association of border regions Proute is created (11 districts near Romania).

Problems of CPA and LPA reform:

- The functional analysis consisted that most CPA authorities hold incompatible offices, certain shortcomings are also observed in activity of some institutions created during implementation of CPA reform (Regulation and structure of the Agency of Drug were approved on December 1, 2005 (published on December 16, 2006), while the CPA reform strategy was approved on December 30, 2005 (published on January 6, 2006);
- Participation of CPA institutions in functional analysis is not plenary, formalism is observed. Implementation of provisions on transparency of activity, creation of web resources is difficult. Some central institutions do not implement all provisions of the action plan on implementation of CPA reform strategy (internal plans are not approved; working groups are not created);
- Amendments on reorganisation of LPA in the Chisinau municipality (creation of district councils and city halls) are appreciated by LPA representatives and competent experts differently; being indicated a series of shortcomings²². These laws were promoted without public debates and concluding fundamental analyses;
- Draft laws on LPA, administrative decentralisation and local public finances are discussed by representatives of local authorities at regional seminars only after adoption in the first reading;
- Training of functionaries in the field of *acquis communautaire* is insufficient and seldom; capacities of surveying legislation and draft normative acts regarding compliance with community legislation are not consolidated.

Relevant events on **administrative efficiency**:

- According to a report by the World Bank, Moldova improved its governmental effectiveness in 2005 compared with 2004, but it is still below level of 2002-2003 and it is ranked after countries in the region;
- According to data of the Ministry of Finance, nearly half of state-owned and public capital enterprises worked inefficiently in 2005, suffering losses of more than 140 million lei overall;
- Data of the National Regulatory Agency for Telecommunication and Informatics (NRATI) revealed in the first half of 2006 that the number of Internet connections has grown by 54.4 percent compared with the similar period of 2005. The Internet use rate per 100 residents has grown from 6.59 percent in 2005 up

²² Interviews with V.Sarban and M.Roscovanu published by Info Prim Neo news agency.

to 10.15 percent in 2006. According to data of the state-owned enterprise MoldData²³, about 200 new websites are registered in Moldova a month. Applications for registration of enterprises may be submitted online by accessing the website of the Ministry of Information Development²⁴. The state-owned Centre of Special Telecommunications has opened an electronic centre to certify digital signatures of public functionaries.

Stability of governing policy

Relevant *evolutions*:

- The law on sustenance of small and medium businesses is adopted (# 206-XVI from 07.07.2006);
- The Government approved a decision on improvement of the mechanism of subsidising agriculture (GD # 1043 from 08.09.2006);
- Representatives of the Foreign Investors Association is satisfied with business environment in Moldova;
- The construction of the Giurgiulesti Oil Terminal continues, though the administration and management of investors are modified.

Identified *problems*:

- The report Moldova's Uncertain Future by experts of the international organisation Crisis Group says that commitments and efforts failed to resolve many problems that persisted in the past 15 years²⁵, though Moldovan authorities have posted desire to join the E.U.
- Policy of authorities on attracting teachers in pre-university education is inefficient;
- According to representatives of the Moldovan League of Pharmacists, the pharmaceutical market is on the bridge of a disaster produced by a governmental decision on implementation of the automatic system called state nomenclature of drugs;
- Economically active population in Moldova count for about 1,410,000 persons in the 2nd quarter of this year, by 3 percent less than in the 2nd trimester of 2005.
- The International Monetary Fund has reduced from 6 percent down to 3 percent the economic growth forecast for Moldova for 2006²⁶. The inflation rate forecast was increased from 9 percent up to 10.5 percent, while the current account balance from 5.4 percent up to 10.5 percent compared with GDP;
- Implementation of the preferential trade system GSP Plus of the European Union in trade with Moldova did not produce the expected results;
- The U.S. company Intercomsoft LTD has sued the Moldovan Government in the International Arbitrage in Geneva, seeking damages of 41 million dollars for failure of contract-related commitments;
- There are cases when results of privatisation are revised (building of the former Sanatorium Legkovic);
- Business representatives do not warm amendments to the law on entrepreneur's patent (under Law # 208-XVI from 07.07.2006), which gradually annul the patents.

Depoliticising public administration / Interference of economic-administrative and political interests

Evolutions:

- The Government abrogated on August 18 its Decision # 834 from 26.07.2004 on some measures of regulation of acquisition and exportation of cereals and grains;
- Following laws were adopted: the law on basic principles of regulation of entrepreneurial activity (# 235-XVI from 20.07.2006) and the law on modification and completion of the law # 146-XIII from June 16, 1994 on state-owned enterprise (# 234-XVI from 20.07.2006);
- The Government has worked out a plan on implementation of the strategy on reformation of the framework of state regulation of entrepreneurial activity;
- According to a report by the World Bank and the International Financial Corporation, Moldova is a country with a medium business regulation cost (the 88th place among 175 countries)²⁷;
- A draft law on administration and privatisation of public property is worked out;

Problems:

- Considerable budgetary resources are used for administrative-political purposes (statements by some municipal councillors²⁸; GD # 1024 from September 6, 2006);

²³ www.molddata.md.

²⁴ www.mdi.gov.md/servic_online_md.

²⁵ Moldova's Uncertain Future, *Crisis Group Europe Report N°175*, www.crisisgroup.org.

²⁶ World Economic Outlook by IMF.

²⁷ Publication "Doing Business 2007.How to reform", www.doingbusiness.org.

²⁸ http://www.bbc.co.uk/romanian/news/story/2006/08/printable/060829_moldova_primar_acuzatii_detunare.shtml.

- Decision by municipal authorities to redirect some minibuses raised dissatisfaction of motorists and passengers;
- Implementation of the governmental decision on implementation of the automatic system called state nomenclature of drugs produced conflicts, strikes.
- Limitation of the number of seats for certain specialties in higher education produced higher tuitions in private education, raised dissatisfaction of youths;

Uprightness and transparency of governance / Combating corruption

Evolutions:

- The Government has approved a decision on survey of corruptibility of draft legislative acts (GD # 977 from 23.08.2006);
- The Government has approved a draft law seeking the modification of the law on public service, law on combat of corruption and protectionism and Penal Code, in a move to introduce special exigencies for public functionaries and oblige them to denounce corruption;
- The Prosecutor-General's Office (PGO) and the Centre for the Struggle Against Economic Crimes and Corruption (CSAECC) have presented reports on activity for prevention and combat of corruption²⁹;
- Violations in activity of some energy enterprises (SRL Gagauz Gaz, I.S. Moldelectrica) are discovered.
- Confidence hotlines aimed to facilitate transparency of activity of these institutions and help combating corruption among employees opened within some public authorities.

Problems related to transparency and combat of corruption:

- Creation of official websites of public institutions accordingly to GD # 668 from 19.06.2006 is not ensured. Websites were not updated in late September. Many institutions did not create own websites (including ministries and other central authorities);
- A website on CPA reform does not exist;
- Experts of the Agency State of World Liberty has released a new *world freedom rating*, which ranked Moldova on the 93rd place among 159 countries [included](#) in the top³⁰;
- The way income and property declarations of dignitaries were presented and made public raised dissatisfaction of public opinion and criticism of society;
- Moldovan president has told a sitting of the Supreme Security Council that the domestic security service SIS fails to ensure economic security of the state;
- Moldovan president raised dissatisfaction with corruption in public institutions at a sitting with the participation of heads of state central institutions (Government, Parliament, SCJ, PGO, Constitutional Court, SIS, CSAECC, etc.), noting that all institutions are behind with combating corruption;
- Amendments to the Election Code omitted detailed provisions on income and property declarations of candidates, a situation that reduces the transparency and does not help combating the political corruption;
- A special survey of beneficiaries of services of the Labour Inspection conducted by Transparency International Moldova and a survey on informal payments in healthcare sector reveal serious shortcomings and corrupt practices³¹;
- Statements by officials regarding transparency and public consultations on draft decisions are contradicted by affirmations of civil society representatives (trade unions, NGOs);
- The Moldovan Chamber of Auditors has registered violations and breaches in execution of the 2005 budget of the Chisinau municipality, these being a consequence of violation of legislative and normative acts and inefficient control on their execution;
- A criminal group has worked for a long period, extorting worthy goods by usurping the official quality (of CSAECC officers), with economic agents choosing payments instead of denunciation.

²⁹ According to official communications, PGO found out causes of corruption committed inside Prosecutor's Office and negative factors that contribute to its spreading, registering 54 breaches committed by prosecutors. CSAECC filed more than 260 penal cases in the first nine months of this year, but most of bribed persons continue their activity without being sanctioned.

³⁰ www.stateofworldliberty.org/report.

³¹ www.transparency.md.

Monitoring grid 3. Consolidation of administrative capacity

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
<p>Administrative reform / Administrative effectiveness</p>	<ul style="list-style-type: none"> • CPA reform develops accordingly to the plan, but with certain drawbacks; • LPA reform started with conceptual approval of some draft laws; • Information technologies (IT) sector is dynamically developing; 	<ul style="list-style-type: none"> • CPA reform strategy; • EUMAP; • CoE recommendations; • Activity of nongovernmental sector; • Internal monitoring; • Fragmental participation of Parliament and parliamentary political forces in CPA reform process; 	<ul style="list-style-type: none"> • A functional analysis of central authorities is conducted; • Some central institutions are reorganised, created, closed; • Creation of fiduciary fund, office for administrative support for CPA reform; • Approval of some normative acts on CPA; • Functionaries are periodically trained; • Laws on administrative reorganisation in Chisinau municipality are approved; • Parliament passes in the first reading several draft laws on LPA reform; • Public sector progresses in information development field; 	<ul style="list-style-type: none"> • Activity of reform coordination unit, governmental commission; • Attitude of central authorities, attention toward reform; • International assistance; • Participation of NGOs; • Development of information technologies; 	<ul style="list-style-type: none"> • A concrete detailed programme on implementation of EUMAP is not officially adopted (by Government and Parliament); • Politicising and excessive control on CPA authorities; • Unit with competences in public sector is not created at central level; • Promotion of some decisions without preliminary qualified consulting (on LPA, CPA); • Spontaneous and insufficient analysis of needs to create some institutions, award improper competences to CPA; • Staff policy in public service is not seriously reformed; • Insufficient financial resources, use of resources for priority actions; 	<p>+ 1</p>	<ul style="list-style-type: none"> • Moldovan legislation; • News of CPA reform, reports on implementation; • Records of plenary sittings of Parliament; • Web resources; • Mass media; • Independent surveys on some draft laws;
<p>Stability of governing policy</p>	<ul style="list-style-type: none"> • Implementation of the governance programme, earlier adopted programmes and strategies continues with certain drawbacks related to term and impact; • Some ongoing reforms are inefficient; • Negotiations on facilitation of visa regime, signing of an agreement on autonomous trade preferences with E.U. continue; 	<ul style="list-style-type: none"> • Political, social-economic (relative) stability; • International assistance; • EUMAP; • EGPRSP; 	<ul style="list-style-type: none"> • Adoption of some legislative and normative acts aimed to consolidate Chisinau's intentions; • Transnistria-based economic agents continue to get registered in Chisinau; • Reform in pay sector does not have a major impact; • Economic growth forecast is reduced very much; • Some decisions are not warmed by envisaged subjects (pharmacists, small business); • Government is sued for failing some contract-related commitments; 	<ul style="list-style-type: none"> • Cooperation between parliamentary parties, central institutions; • Consistence and periodical assessment of implementation of some decisions; • International assistance; 	<ul style="list-style-type: none"> • Economic conjuncture; • Impact of Russian economic embargo, rise of energy prices; • Lack of progress in Transnistrian settlement process; • Revision of some previous decisions (case of sanatorium Legcovic); • Some decisions promoted by authorities affect the situation of subjects (private pharmacies, minibus routes, annulment of entrepreneur's patent); 	<p>+ 0.5</p>	<ul style="list-style-type: none"> • Moldovan legislation; • Reports and estimates of some international institutions (IMF, WB, Crisis Group); • Mass media; • Official communications; • Estimates by authors;

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
<p>Depoliticising public administration /</p> <p>Interference of economic-administrative and political interests</p>	<ul style="list-style-type: none"> • Politicising of central and local public administration persists; • Legislative acts on reduction of inadequate interferences are drafted and adopted; 	<ul style="list-style-type: none"> • Governing policy, consolidation of the power's vertical; • Control of the ruling party on central and regional (district) administration; • Implementation of regulatory reform; • Activity of business representatives; • Economic interests of governing elite; 	<ul style="list-style-type: none"> • Following laws are adopted: law on basic principles of regulation of entrepreneurial activity and law on modification and completion of the law on state-owned enterprise; • A draft law on administration and privatisation of public property is adopted; • Considerable budgetary resources are allocated for political, propagandistic manifestations, not priority fields are allocated; • Promotion of some controversial decisions produces rebuff (integrated history); • Business start-up and building are improving; 	<ul style="list-style-type: none"> • Regulatory reform; • More active stance of business representatives, their consultation; 	<ul style="list-style-type: none"> • Decisions of authorities are linked to governing policy, do not correspond to all objective needs; • System of employment in public service is not modified, political criteria remain in force; • Privatisation stagnates; • Agency for the protection of competition is not created; • Functionaries continue to hold remunerated offices in councils of administration, observance of economic agents; 	<p>+ 0.5</p>	<ul style="list-style-type: none"> • Moldovan legislation; • Decisions by Chamber of Auditors; • Information about appointments; • Mass media; • Estimates by authors; • Records of Parliament's sittings;
<p>Uprightness and transparency of governance /</p> <p>Combating corruption</p>	<ul style="list-style-type: none"> • Some central institutions ensure a satisfactory transparency at parliamentary level; • Transparency at level of Government, central and local institutions of public administration is still low; 	<ul style="list-style-type: none"> • EUMAP; • CoE recommendations; • Action plan on struggle against corruption, protection of human rights; • Foreign monitoring; • Live broadcasting of Parliament's sittings; 	<ul style="list-style-type: none"> • Draft legislative acts, agenda, records of plenary sittings are published on the Parliament's website; • MEC, Ministry of Agriculture and Food Industry, independent institutions consult some draft normative acts; • MFAEI cooperates with NGOs and other factors in monitoring the implementation of EUMAP; • Governmental decision on websites of central institutions is enforced; 	<ul style="list-style-type: none"> • Concept on cooperation between Parliament and civil society; • Activity of relevant NGOs; • Parliamentary political cooperation; • Growth of number of IT users; 	<ul style="list-style-type: none"> • Low interoperability and integration of information systems of various public institutions; • Lack of free public information systems; • High costs of information technologies and equipment; • Insufficient training of public personnel (in IT, modern management); 	<p>+ 1</p>	<ul style="list-style-type: none"> • Moldovan legislation; • Web resources; • Reports by national and international institutions; • Mass media;
	<ul style="list-style-type: none"> • There are certain evolutions in field of prevention and struggle against corruption, but they remain insufficient and often superficial; 	<ul style="list-style-type: none"> • Foreign monitoring; • Attitude of central authorities; • Activity of NGOs; • Implementation of strategy in the field; 	<ul style="list-style-type: none"> • New cases on corruption charges are filed; • Ongoing anti-corruption cases are not finished; • Chamber of Auditors continues to register breaches in administration of public patrimony and finances; • Executive adopts decision on survey of corruptibility of draft legislative and normative acts; • Tolerance of breaches committed by functionaries protected by Government; 	<ul style="list-style-type: none"> • Activity of law enforcement bodies, periodical analysis of situation in the field; • Activity of NGOs (anti-corruption alliance, etc); 	<ul style="list-style-type: none"> • Seldom real sentences, bad quality of cases filed on corruption charges; • Low transparency of public institutions, parties; • Insufficient approach of "big corruption" problem; • Insufficient parliamentary control; • Low efficiency of justice; • Legislation on declaration of estate and incomes is not improved; 	<p>+ 0.5</p>	<ul style="list-style-type: none"> • Moldovan legislation; • Reports by PGO, CSAECC; • Reports by national and international NGOs; • Mass media; • Estimates by authors;

4. JUSTICE

Status of magistrates / Capacity of imposing respect for law

Evolutions in the field:

- The Parliament has adopted a series of amendments to legislation on status of judge and judicial organisation with the declared goal to strengthen the independence and efficiency of justice (Law # 247-XVI from 21.07.2006), but they are not implemented;
- Law on forced execution system (# 204-XVI from 06.07.2006) aims to consolidate capacities of respecting law, forced fulfilment of judgments;
- A draft law on status of penal investigation officer was passed in the first reading. It aims to regulate the status of penal investigator, strengthen principles that lead this activity;
- SCM has summed up the results of activity of the qualification college and disciplinary college in the first half of 2006 (Decisions by SCM # 159/11 and 160/11 from 13.07.2006);
- The college of Moldovan Prosecutor's Office has made the totals of activity of bodies of the Prosecutor's Office in the first half of 2006, including participation in implementing the EUMAP (ensuring respect for legislation on human rights and fundamental freedoms, state's interests, prevention and combat of corruption; combat of torture, inhuman or degrading treatments, ensuring rights of minors);
- According to statistics of the Prosecutor's Office, the number of cases examined by law courts³² in a long period is on the decline;
- Sale of a real estate at an auction allows depositors of the Intercapital concern to recover about 20 percent of amounts that they should be paid on basis of execution titles;
- The Government has delivered a draft law to the Parliament aimed to consolidate regulations on compensation of damages produced by illicit actions of penal investigation bodies, Prosecutor's Office and law courts³³.

Problems and drawbacks in the field:

- The conference Pace of Judicial Reform in Moldova. Accomplishments. Problems. Prospects revealed a series of deficiencies and wishes to improve the situation of the justice: reducing terms for examination of cases; ensuring efficient execution of judgments; affirming and consolidating respect for law; improving situation and mechanisms of administration of justice, management of law courts; enhancing finances and technical-material assistance for the system; combating corruption, nihilism of magistrates; enhancing authority of the judiciary; ensuring access to efficient and fair justice;
- European experts indicated, at the 6th meeting of the Moldova-E.U. Subcommittee³⁴, the need of implementing new legislative amendments on independence and impartiality of justice, finalising the draft complex reform strategy on justice system;
- Moldovan president regards the execution of judgments, cardinal improvement of situation in penitentiary system, improvement of legislative and normative framework as priority directions of activity of the Justice Ministry;
- Extended competences of the Prosecutor-General's Office are not revised accordingly to CoE recommendations;
- The system of Prosecutor's Office is not reformed further (political appointment of heads is still in force).

Political independence/ Transparency

- The study Moldova's Uncertain Future reveals opinions that independence of justice in Moldova is not consolidated, persecutions on political criteria are not excluded³⁵;
- A penal case on „smuggling of weapons and abuse of authority” charges was filed against former defence minister Valeriu Pasat;

³² As of July 30, 192 cases against 372 suspects were being examined by law courts for more than one year (469 cases in 2005).

³³ According to the legislative programme for 2005 – 2009 (section I point 27), this law should be adopted by the end of 2005.

³⁴ Subcommittee Customs, Transborder Cooperation, Money Laundering, Drugs, Illegal Migration.

³⁵ Moldova's Uncertain Future, *Crisis Group Europe Report N°175, 17 August 2006*, www.crisisgroup.org.

³⁴ Statements by PSDM deputy chairman E.Musuc.

- Representatives of political parties claim that they are filed penal cases on political reasons³⁶;
- Appointment of judges by political power (Parliament, Moldovan president) is delayed and lasts a long time, the new mechanism aimed to prevent groundless refusals is not efficiently applied;
- Information and transparency of justice are not ensured through efficient means and procedures.

Relevant legislative and normative amendments

- The law on modification and completion of the law on the bar (# 215-XVI from 13.07.2006) is adopted and enforced;
- The Law # 264-XVI from 28.07.2006 passed essential amendments on exercising of penal investigation, use of restrictive measures (holding, arrest) to the Code of Penal Procedure;
- A law on modification and completion of the Code of Civil Procedure (# 244-XVI from 21.07.2006) was adopted to adjust provisions of the code to recommendations of international experts (CoE recommendations);
- Law on forced execution system (# 204-XVI from 06.07.2006) entered into force on August 11, 2006;
- A law on modification and completion of some legislative acts on organisation and function of the judicial system³⁷ was adopted on July 21, 2006.
- Under the Government Decision # 1052 from 12.09.2006, The Republican Institute of Judicial Survey and Criminology of the Ministry of Justice turned into the National Centre of Judicial Survey.

Training of specialists in system / Material ensuring

- The National Institute of Justice was created; members of the Management Council of the Institute on behalf of the judiciary were elected. The Management Council opened a contest for the vacancy of executive director of the National Institute of Justice;
- The Centre for the Training of Judges has held thematic seminars;
- Moldovan prosecutors are trained in the U.S. (Community Connections Program);
- A book of explanatory judgments of the Supreme Court of Justice, which includes all decisions adopted in October 2003 – December 2005, was published;
- The World Bank granted 380,000 dollars for institutional development to reform law courts;
- The Superior Council of Magistracy examined draft budgets of law courts for 2007;
- The budget for justice was increased by 54 million lei under the Law # 252-XVI from 26.07.2006 on modification and completion of the 2006 state budget law, of which more than 52 million lei was allocated for higher salaries (the allocation of this amount was foreseen at the beginning of the year). The same law allocated additional resources for remuneration of lawyers appointed by judges;
- The medium-term expense framework for 2007-2009 (GD # 813/11.07.2006) stipulates an insignificant rise of expenditure for development of the training system for judges and improvement of detention conditions in penitentiaries.

Alternative ways to settle litigations / Penitentiaries

- The Institute of Penal Reforms has held a series of conferences and roundtables on alternative ways of punishment (unpaid work for community's benefit), preparation for release and resocialisation of detainees;
- A book of trainer in the field of juvenile justice was published with the support of UNICEF-Moldova;
- UNDP Moldova has launched a campaign to inform inmates;
- Detainees manufactured more production this year than planned;
- Employees of the Department of Penitentiaries (DP) in the Moldovan Ministry of Justice participate in training courses and pay study visits to penitentiary administrations from E.U. countries;
- The Moldovan Centre for Human Rights (ombudsmen) ensured the monitoring on majority prisons in Moldova, registering many common irregularities (overpopulation, insufficient nutrition, high illness rate; shortage of medications, etc.).

³⁷These amendments were not published and enforced so far in late September 2006.

Monitoring grid 4. Justice

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way Of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
<p>Status of magistrates / Capacity of imposing respect for law</p>	<ul style="list-style-type: none"> Major evolutions to consolidate independence and status of magistrates are not observed; Certain legislative amendments are adopted, but not implemented; Respect for law is affected by inefficient justice; 	<ul style="list-style-type: none"> Foreign monitoring; CoE recommendations; EUMAP; Government's control on system; 	<ul style="list-style-type: none"> Amendments to a number of laws aimed to improve activity of the bar, examination of penal and civil cases are adopted; The law on forced execution system is adopted; The number of cases examined in a long period is declining; 	<ul style="list-style-type: none"> Foreign assistance; Implementation of EUMAP, CoE recommendations; ECHR judgments; More active involvement of Parliament and representatives of the system in the legislative reformation process; Activation of authorities' efforts; 	<ul style="list-style-type: none"> Slow promotion of reforms; Stagnation of reforms of Prosecutor's Office, MIA, SIS; Insufficient endowment and technical-material ensuring; Legal nihilism, including conduct of certain high-ranking dignitaries; Insufficient judges and prosecutors (big burden of cases); High number of unexecuted judgments; Inefficient functioning of judicial police; Delayed editing of judgments, quality of arguing decisions; 	<p>+0.5</p>	<ul style="list-style-type: none"> Moldovan legislation; Materials of the conference on judicial reform; Information about activity of SCM, Prosecutor's Office; Mass media; Records of parliamentary sittings;
<p>Political independence / Transparency</p>	<ul style="list-style-type: none"> Efficient measures to ensure independence are not observed; Evolutions envisage the adoption of some acts that must contribute to growth of indicators in future; SCM did not affirm itself as main competent institution in field of judicial self-administration; 	<ul style="list-style-type: none"> Interests of governing elite; Low authority of judicial power; Adoption of some legislative acts that enlarge competences of repressive bodies (CSAECC, MIA, Prosecutor's Office); 	<ul style="list-style-type: none"> Amendments to legislation on status of judge, judicial organisation are adopted; Repressive measures are applied repressively for intimidation; Political control on Prosecutor's Office, MIA, CSAECC is kept; The number of "real" sentences to jail terms rose, the number of conditioned sentences dropped; The principles of aleatory distribution of cases is not consolidated, detailed and applied as a whole; Judgments are influenced by subjective factors; 	<ul style="list-style-type: none"> Internal and external monitoring; Activity of factors in the system; Interventions of mass media; Interventions of some opposition parties; Activity of NGOs; ECHR sentences vs Moldova; 	<ul style="list-style-type: none"> Legislative amendments that award more rights to repression bodies may affect independence of judges; Attitude of ruling political force, low participation of opposition; Inefficient activity of SCM; Non-transparent promotion and appointment mechanism; Corruption in system; Delayed examination of some cases with major resonance; Inadequate restrictive measures (arrest without necessary motivation); 	<p>0</p>	<ul style="list-style-type: none"> Moldovan legislation; Mass media; Reports by some international institutions (Crisis Group and others); Statements by political parties; Estimates by authors;

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of studied developments	Circumstances favouring progress	Barriers on way Of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
	<ul style="list-style-type: none"> Decision-making factors are not concerned with growing transparency of the system; 	<ul style="list-style-type: none"> Imperceptible; 	<ul style="list-style-type: none"> Information about development and solutions to trials is not made public; Websites of justice are incomplete, not often updated; 	<ul style="list-style-type: none"> Activity of some international organisations (OSCE); Activity of NGOs and lawyers; 	<ul style="list-style-type: none"> Few periodicals about judicial practice, Lack of websites by main courts; Insufficient institutional capacities and endowments; Selective and low interest of mass media; 	0	<ul style="list-style-type: none"> Moldovan legislation; Mass media; Specialised publications; Web resources;
Training specialists from system / Material ensuring	<ul style="list-style-type: none"> Training is held within the old system; Essential growth of material and financial endowments is not observed; 	<ul style="list-style-type: none"> CoE recommendations; Attitude of legislative and executive powers; Bad economic condition; 	<ul style="list-style-type: none"> Training centre, international institutions, NGOs organise training activities; Leading bodies of NIJ are created; Endowments for judges, prosecutors are poorer than endowments for legislative and executive powers; 	<ul style="list-style-type: none"> International assistance; Activity of NGOs; Independent administration of resources by law courts; 	<ul style="list-style-type: none"> NIJ does not work; Seldom training; Insufficient education of young magistrates; Lack of a national strategy on priority financing of justice; Control on formation of budgets by executive; Approval of insufficient resources by Parliament in favour of other disputable institutions and priorities; 	+0.5	<ul style="list-style-type: none"> Moldovan legislation; Information and reports by specialised institutions, NGOs; Web resources; Speech delivered by SCJ head at anniversary conference; Records of plenary sittings of Parliament; Mass media;
Alternative ways to settle litigations / Penitentiaries	<ul style="list-style-type: none"> Amendments to legislation aimed to enlarge the use of alternative punishments are adopted; Special programmes (on juvenile justice, unremunerated work, probation) are implemented; 	<ul style="list-style-type: none"> EUMAP; Action plan on human rights; International monitoring; 	<ul style="list-style-type: none"> Many persons are sentenced to non-detention penalties, are estranged from society; Officers of law enforcement bodies, prisons attend special training courses; Juvenile crime rate declined a little; Percent of persons sentenced to non-detention punishments (fines and unpaid work) rose; 	<ul style="list-style-type: none"> Foreign assistance; Activity of specialised NGOs; Creation of structures, appointment of competent functionaries, special training of functionaries; 	<ul style="list-style-type: none"> Laws on mediation in penal and civil trials are not adopted; Draft law on probation is not promoted; New Contravention Code is not adopted; Insufficient knowledge about new mechanisms; Insufficient financial and material resources; 	+1	<ul style="list-style-type: none"> Moldovan legislation; Information about activity of Prosecutor's Office, DP, competent NGOs; Web resources (MJ, PGO);
	<ul style="list-style-type: none"> Situation in prisons is improving, but detention conditions remain bad; 	<ul style="list-style-type: none"> International monitoring; Enforcement of Execution Code; Action plan on human rights; Attitude of high-ranking authorities (Parliament, Government). 	<ul style="list-style-type: none"> Prisons are renovated and repaired, building of penitentiaries accordingly to international standards is planned; Programmes on resocialisation, preparation for release, information of inmates are implemented; Number of grave diseases declines; Detainees assure alone one part of living sources by working; 	<ul style="list-style-type: none"> More responsible attitude of decision-making authorities; International assistance, gaining of financing opportunities from E.U. (Twining programmes); Monitoring of situation by ombudsmen; Activity of Complaint Committee; Training of staff; 	<ul style="list-style-type: none"> Bad condition of prisons; Shortage of allocations; Arrest facilities are not built; Overpopulation of prisons; 	+0.5	<ul style="list-style-type: none"> Moldovan legislation; Information about activity of DP; Web resources; Information about activity of CHRM (ombudsmen); Mass media;

5. DEVELOPMENT. ECONOMIC AND SOCIAL REFORMS

Poverty reduction

Recently unveiled statistics for 2005 confirm our fears raised in previous issues (Euromonitor # 2 and Euromonitor # 3) that the poverty indicators worsened in 2005-2006. The poverty incidence rose generally on country from 26 percent in 2004 up to 29 percent in 2005. The growth of poverty incidence is explained through a worse financial condition of rural residents. Evolutions this year in agriculture in general and viticulture in particular make us believe that the rural poverty incidence continued to grow in 2006. Estimates also show that the incidence of poverty among children rose faster in 2005-2006 than poverty in general, with children from rural areas suffering most. We did not observe in 2006 any initiatives on effective economic and social policies, which would help reduce the poverty risks faced by rural residents and children.

The medium salary on economy continued to grow in the 3rd quarter of 2006. Salaries were by 14 percent higher in January-September 2006 than in 2005. At the same time, the rise of salaries continues in parallel with reduction of number of jobs in several important sectors (in particular, the number of salary earners in agriculture and wine industry has declined). Also, incomes from emigration have also grown. According to data of the National Bank of Moldova, remittances accounted for 413 million dollars in the first two quarters of this year, by 7.6 percent more than in 2005. At the same time, rise paces of these revenues, which rose by 55 percent in the first half of 2005 compared with 2004, are blurring. According to our estimates, revenues of Moldovans working abroad amounted to about 710 million dollars in the first three quarters, by 12 percent more than in 2005.

Curiously, the National Bureau of Statistics did not publish any report on incomes and expenditure of population and living standards in 2006. Nor databases for Survey of Budgets of Households are available to public, though they were published in the precedent years (they may be obtained at present only after submitting a written application). These obstacles complicate an adequate analysis of poverty in our country by nongovernmental research organisations. Causes of this situation are obscure. We consider that latent censorship on some "sensitive" issues is one of factors that produce the lack of transparency of statistics.

Consolidation of economic growth

The "cooling" of national economy continued in the 2nd quarter. The Gross Domestic Product rose by 6.2 percent in the 1st quarter, 4 percent only in the 2nd quarter and by 2-3 percent in the 3rd quarter, according to our estimates. Other statistics that confirm the moderation of economic growth are:

- 7-percent industrial recession in the first nine months of this year;
- reduction of agricultural production in the first nine months of this year (-4 percent);
- 8-percent decline of exports in January-September;
- 6-percent decline of quantity of goods carried in January-May.

Reduction of rise paces is linked to superposition of several essential factors:

- Economic growth in 2000-2005 was mainly a growth of restoration that normally followed the period of economic recession (1991-1999) and it was not produced by any major quality changes;
- Rise of prices of Russian natural gas was an external shock that seriously affected the production in several industrial branches: sugar beet, cement, canned products.
- Russia's interdiction against Moldovan wine imports was another factor of external shock for wine making and viticulture, as well as for a series of related branches (manufacturing of technological and laboratory equipment, production of auxiliary materials for wine making, glass and cardboard packing, bottling materials, carriage services);
- Blocking of railways by Transnistria has reduced the carriage of goods and passengers and increased the distances.

Starting January 1, 2007, Romania will annul the free trade regime with Moldova after it joins the E.U., and this might be another shock for Moldovan economy. At the same time, short-term negative commercial effects may be compensated by more favourable trade preferences that Moldova could obtain from E.U. and foreign direct investments, which could encourage the long-term trade.

Cooperation with international financial institutions

The IMF Executive Board approved the three-year Agreement with Moldova in the 2nd quarter of 2006 on basis of the Poverty Reduction and Growth Facility. Several technical assistance missions visited Moldova in the 3rd quarter (to improve Government's capacities of fighting against money laundering and financing of terrorism, to strengthen relations between NBM and Ministry of Finance, improve regulatory capacities of NBM).

Another IMF mission led by Thomas Richardson, deputy director of the North East Directorate in the European Department of IMF, visited Chisinau on October 11-25, 2006. It was in charge with assessing performances of Government and NBM in the past six months regarding implementation of macroeconomic policies and structural reforms agreed in the Memorandum on Economic and Financial Policies for 2006. The mission concluded that Moldova has fulfilled the tasks of the 2006 memorandum. The mission intends to propose the IMF Executive Board to increase the loan offered to Moldova for the next three years from 118 million dollars up to 163 million dollars. Moldova could receive an increased part in 2006. The main concerns of IMF over macroeconomic situation of Moldova are related to inflationist risks that worsened in 2006. According to statistics, the analysed inflation rate in September 2006 was 14.4 percent, compared with 10.9 percent in January 2006. Accelerated rise of prices in the second half of 2006 undermines the chances to respect the 12-percent inflation target.

Fiscal transparency and durability

Moldova's Parliament passed the state budget law for 2007 in two readings in October 2006. Parameters of the budget were forecasted given the following macroeconomic premises: GDP will grow by 4 percent in 2007, the medium annual exchange rate will be 14.6 lei per dollar, the inflation rate will be maximum 10.5 percent, the internal public debt will account for 3,899,000 lei, the foreign debt administrated by Government will amount to 728 million dollars. Overall incomes in the national budget will account for 19.813 billion lei, while expenses for 19.453 billion lei.

In spite of optimistic forecasts, the procedure of adopting the budget raises the most serious concern. The Parliament adopted the budget after minimum political debates, while the participation of civil society in public discussions was formal. Also, we consider that the priorities for expenditure are inadequate. In particular, allocations for renovation and reconstruction of governmental buildings, central law courts and residential buildings are very large.

Monitoring grid 5. Development and economic and social reforms

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of analysed evolutions	Circumstances favouring progress	Barriers on way Of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
Poverty reduction	<ul style="list-style-type: none"> Growth of available incomes of some segments of population. 	<ul style="list-style-type: none"> Rise of real salary, remittances and incomes from agricultural activity; 	<ul style="list-style-type: none"> Poverty reduction in urban areas and rise of urban-rural inequalities; 	<ul style="list-style-type: none"> Administrative rise of budgetary salaries; Growth of pensions and other social payments; 	<ul style="list-style-type: none"> Rise of prices; Decline in wine industry; Decline of other industrial branches; 	+0.5	<ul style="list-style-type: none"> Estimates by authors; Data of NBS;
	<ul style="list-style-type: none"> Growth of rural poverty continued, according to our estimates. 	<ul style="list-style-type: none"> Decline in agriculture and wine industry. 	<ul style="list-style-type: none"> Worsening of life of rural residents and intensification of rural emigration. 	<ul style="list-style-type: none"> Rise of prices of cereal products in the region. Intensified wine exports to Romania. 	<ul style="list-style-type: none"> Lack of access to bank credit. Complicated access to foreign sale markets. Weakening of inter-industrial ties. 	-1.0	<ul style="list-style-type: none"> Estimates by authors; Data of NBS;
Economic growth	<ul style="list-style-type: none"> Economic growth in 2nd quarter of 2006 was 4.0 percent. 	<ul style="list-style-type: none"> Growth of net taxes on product and import and rise of gross value-added in service sector. Growth of final consumption of households and investments. 	<ul style="list-style-type: none"> Outlining of unbalanced (regions and sectors) economic growth in Moldova. Growth of inequality of incomes. 	<ul style="list-style-type: none"> Maintenance of remittances at a constantly high level. Rise of IMF credit. Romania's accession to E.U. in 2007. 	<ul style="list-style-type: none"> Unreasonable allocation of remittances. Rise of Russian gas prices. Crisis faced by wine exports. Short-term commercial risks after Romania's accession to E.U. 	+0.5	<ul style="list-style-type: none"> Estimates by authors; Data of NBS;
	<ul style="list-style-type: none"> Very poor performances of industry. Industrial decline in first nine months of 2006 was 7 percent. 	<ul style="list-style-type: none"> External trade barriers; Low competitiveness of domestic industrial production (problem of standards and quality); 	<ul style="list-style-type: none"> Narrowed base for GDP growth; Reduction of salary rise prospects; 	<ul style="list-style-type: none"> Existence of some niches on Central-European markets (Poland, Romania) and Asian markets (China); 	<ul style="list-style-type: none"> Introduction of new sanctions or commercial barriers by Russia; Crisis spreading; 		
	<ul style="list-style-type: none"> Rise of real salaries by 14 percent in January-September. 	<ul style="list-style-type: none"> Administrative rise of budgetary salaries; Growth of sales in trade sector; 	<ul style="list-style-type: none"> Better remuneration of labour force; Rise of available incomes; 	<ul style="list-style-type: none"> Rise of salaries in private sector and of wages paid by foreign competitors in Moldova; 	<ul style="list-style-type: none"> Reduction of industrial growth paces and decline risks in the sector; Practice of informal remuneration; 		
Cooperation with IMF	<ul style="list-style-type: none"> IMF deployed technical assistance missions to Moldova. Possibility of increasing credit offered to Moldova. 	<ul style="list-style-type: none"> Need of strengthening capacities of economic policies. More tolerant attitude of IMF toward Moldova, which was affected by a macroeconomic shock in 2006. Need of increasing official reserves of NBM in order to prevent a currency crisis. 	<ul style="list-style-type: none"> Allocations will help balance current account and ensure budgetary balance. 		<ul style="list-style-type: none"> Incoherence of structural policies; 	+1	<ul style="list-style-type: none"> Estimates by authors;
Public finances	<ul style="list-style-type: none"> Wrong priorities for expenses of the 2007 state budget. 	<ul style="list-style-type: none"> Lack of social and political responsibility. 	<ul style="list-style-type: none"> Inefficient allocation of public resources, insufficient social protection, lack of public investments in infrastructure. 		<ul style="list-style-type: none"> Prevailing of bureaucratic and political interests on social interests. 	-1	<ul style="list-style-type: none"> Estimates by authors;

6. INTERNATIONAL TRADE

Evolution of international trade

Unfavourable evolution of international trade continued due to perpetuation of some internal and external factors. The still low competitiveness of domestic products conditioned by high costs and inefficient management makes the Moldovan goods not very popular on foreign markets. At the same time, the embargo imposed by Russia against Moldovan wines last spring has affected actually all domestic wine producers and exporters, as well as the good functioning of economy in general. Official statistics for January-September 2006 (1st-3rd quarters) reveal that exports have declined by 8.2 percent compared with the same period of 2005, while imports have grown by 14.5 percent.

For example, value of imports was nearly 3-fold higher than of exports in September, while imports of mineral products (petroleum, gas, etc.) registered the highest rise of about 25 percent. Although exports rose by about 22 percent in August, this rise was not capable to improve the situation in this sector. The decline of exports per total in the period concerned was conditioned by a 23.5 percent fall of deliveries to CIS (42.3 percent per total), especially to the Russian Federation by 45.6 percent (!). At the same time, exports to E.U. (33.3 percent per total) have grown by 6.5 percent and to Central East Europe by 37.2 percent, mainly due to promotion of domestic products by Moldovan officials and economic agents.

Moldova's trade deficit accounted for roughly 1.125 billion dollars in January-September 2006 and rose by about 36 percent compared with the similar period of 2005. NBM governor has recently said that the deficit raises concern, but the things are not so bad since remittances grow in continuation. Perhaps he forgot to wonder what would happen when currency transfers will decline (researches demonstrate this fact), especially when they are some short-term financing sources. The trade balance deficit is a major handicap, which will affect the economic growth for sure. Its rise hints that the domestic economy is not prepared to face an increasing internal demand. The uncontrolled evolution of economic skidding (industry, trade, agriculture, etc), fuelled by a high consumption, could produce a difficult inflation curve. Evaluation, combat and elimination of these threats should be the main concern of the Government.

Trade relations with Russia

Trade relations with Russia have constantly degraded after the latter restricted the importation of wines and agri-food products from Moldova. Negotiations on resumption of wine exports that took place in that period between sides failed, while the optimism of Chisinau was destroyed. Moscow will host a sitting of the Moldovan-Russian intergovernmental commission in the second half of November, while talks will especially focus on problems related to exportation of Moldovan wine exports to Russian markets and natural gas deliveries.

In spite of this situation, the Russian Federation continues to be a main trade partner of Moldova. Russia's share in Moldovan exports declined down to 20 percent in eight months of this year, compared with 34.5 percent in 2005. At the same time, Moldovan's exports to Russia have dropped by roughly 46 percent. This difference reduces the exports per total by about 12 percent. At the same time, imports from Russia have grown about 2-fold, in particular due to double natural gas prices. We consider that Moldova would reach the 1993's production volume in 2006-07, if the recent crisis in trade relations with the Russian Federation did not exist. Although Russia continues to obstruct access of Moldovan goods to own market, Chisinau is ready to support Moscow in negotiations on accession to the World Trade Organisation.

Commercial policy

The Ministry of Economy and Commerce (MEC) unveiled in September the draft strategy on attracting investments and promoting exports for 2006-2015. We do not know if the new strategy would be better than the precedent one, but we hope that authorities have assimilated the lessons in relations with eastern partners, in particular, with the Russian Federation. It should promote Moldovan enterprises willing to represent Moldova on European market after the model given by other new member states, insisting on markets to which exports have declined. We hope that this document will mark the passage from drafting of some strategies to their implementation and it will not have the fate of precedent documents, which were covered with dust on shelves of many governmental structures.

The problem of Moldovan wines was tackled at national and international meetings, as well as within foreign missions of Chisinau officials to European states in the 3rd quarter. Indeed, Moldova will have to modify its strategy on making and sale of wines on domestic and foreign markets. The Government has fallen in own trap when it imposed a price of at least 0.7 dollars per litre of wine to producers and the latter did not hurry up to invest in quality. We do not want to invoke the fact that some Moldovan wines have a bad quality, but importing countries and rules of the market in general cannot recognise a quality wine for such low prices.

In this regard, conditions of making and exporting wines must be hardened, while the control and certification system must be more sophisticated. For example, producers of wine in bulk should accompany in future the products exported to foreign markets till they are bottled, so that to exclude the replacement of quality wines with cheap wines. In addition, much more funds should be invested more aggressively in marketing programmes, while Moldovan wines must be introduced on new markets. Moldovan producers and exporters were allocating only 1-2 percent of revenues raised from sales in promotion and marketing programmes, but this is a very low amount if we compare it with Romania, which allocates 10-12 percent of the revenues. More » filters" must be organised in Moldova additionally to the existing ones in order to ensure the quality of spirits.

In the same period, the Parliament has adopted the concept on modification of the law on customs duty (adopted in 1997). According to MEC, these amendments aim to implement some international commitments assumed by Moldova toward the International Trade Organisation. They stipulate the substitution or development of some tariff positions for some categories of goods or additional positions. Limits of customs duties will be readjusted to requirements of international organisations, respectively to existing rigours in making sector and domestic market. Most amendments envisage the agricultural goods and importation of meat, seeds, importation of some raw materials for food and light industries, etc.

Trade regime with E.U.

Exports to the E.U. and Central East Europe rose strongly. For example, exports to Romania rose by 28.5 percent, to Slovakia by 35.2 percent, Poland by 18 percent, the United Kingdom about 3-fold, Bulgaria 2.6-fold, France 1.7 fold. At the same time, exports to Italy have declined by about 16 percent. Of course, the diversification level of Moldovan exports is still low, while the dependence of some categories of goods such as agro-food products; textiles on export deepened the vulnerability of the country on external markets. At the same time, the concentration of exports is relatively high. Food products, spirits and tobacco cover about 35 percent of Moldova's overall exports. Thus, we have few competitive products for exportation and the GSP Plus System is used 60 percent only for this reason.

According to authorities, the E.U. is ready to start drafting the package of documents needed to award autonomous trade preferences to Moldova. However, two assessment missions of the E.U. will take place in Moldova by the end of this year and in early 2007 to inspect potential exporting enterprises. At the same time, the proximity of the E.U. to Moldova will also have negative effects. The E.U. is trying to minimise these consequences through the Neighbourhood Policy inclusively, but this looks like a euphemization. On the other hand, we think that Moldova has assumed a lot of commitments through the E.U.-Moldova Action Plan, not vice versa. Everything will depend on Government's insistence in negotiations and promptitude or receptivity of economic agents to meet the E.U. standards.

At the same time, we consider that if the agrarian policy of the E.U. is not cardinally modified, our goods for exportation, mainly agricultural, will be unable to compete on European market like before. This happens due to customs barriers and subsidies enjoyed by goods made in the E.U., not by those made in Moldova. The Government needs massive foreign investments, no matter where they come from. It is important to open jobs, to strengthen the productive sector, which would diversify the making of new ranges of competitive goods on E.U. markets.

Monitoring grid 6. International trade

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of analysed evolutions	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
Evolution of international trade	<ul style="list-style-type: none"> Permanent decline of exports; 	<ul style="list-style-type: none"> Russian embargo on Moldovan products; Timidity of Moldovan enterprises to diversify production; 	<ul style="list-style-type: none"> Crisis in industrial sector; Risk of a system crisis; Emigration is still intensifying; 	<ul style="list-style-type: none"> Status of Moldova as a WTO member; Reticence of several states to sign the agreement on Russia's joining to the WTO; 	<ul style="list-style-type: none"> Intense activity of Moldovan diplomacy. Fears for introduction of new commercial barriers (Russia, Ukraine) persist; Uncertain situation of Moldovan workers; 	-1.5	<ul style="list-style-type: none"> Estimates by authors;
	<ul style="list-style-type: none"> Exorbitant growth of trade deficit; 	<ul style="list-style-type: none"> Still high internal demand; Productive sector is on the decline; 	<ul style="list-style-type: none"> Persistence of a consuming society and negative influence on domestic productive sector; Rise of external deficiencies (commercial, current account); 	<ul style="list-style-type: none"> Economic agents were „stimulated” to diversify their markets; Economic circumstances favour stimulation of savings; 	<ul style="list-style-type: none"> Presence of trade barriers from E.U.; Non-conformity of domestic products with E.U. standards; Low quality of transportation infrastructure; 		
	<ul style="list-style-type: none"> Moderated rise of exports to E.U.; 	<ul style="list-style-type: none"> Larger exports to Slovakia, Poland, the United Kingdom, France and Romania; 	<ul style="list-style-type: none"> Tries (sometimes successful) to diversify export markets; 	<ul style="list-style-type: none"> Russia's interdictions will make producers identify alternative opportunities in E.U., Central East European countries, and others; 	<ul style="list-style-type: none"> Some trends of reduction of exports to Germany and Italy were kept this quarter, too; 		
Trade relations with Russia	<ul style="list-style-type: none"> Blocked exports of wines and food products; 	<ul style="list-style-type: none"> The Russian Federation follows rather some political strategic interests; 	<ul style="list-style-type: none"> Loss of positions of Moldovan producers on Russian market; Serious reduction of collections from exports; Persistence of eventual risks of crisis in many sectors of economy; 	<ul style="list-style-type: none"> Sanctions on quality-related reasons cannot be imposed unilaterally to all producers. Quality of Moldovan wines was recognised at many wine exhibitions in Russia in the 3rd quarter, too; 	<ul style="list-style-type: none"> Confluence of political and economic interests; Reduction of confidence of economic agents toward Russian market; Moldova expressed readiness to support Russia in negotiations on accession of the latter to the WTO; 	-2.0	<ul style="list-style-type: none"> Estimates by authors;
	<ul style="list-style-type: none"> Russia's statements on new rise of natural gas tariffs; 	<ul style="list-style-type: none"> Implementation of business strategy of Gazprom in “close neighbourhood”; 	<ul style="list-style-type: none"> Rises of prices for housekeeping and some sectors of economy; Reduction of welfare of households; Recession in some industrial sectors; 	<ul style="list-style-type: none"> On short term: installation of individual and general meters; On long term: diversification of importers and reduction of energy consuming industry and infrastructure; 	<ul style="list-style-type: none"> Inexistence of a long-term agreement on importation of natural gas; More insistent involvement of Russia in Moldova energy sector; 		
Trade policy	<ul style="list-style-type: none"> Amendments to the law on customs duty; Implementation of the strategy on attracting investments and promoting exports; 	<ul style="list-style-type: none"> Tries to diversify markets; Conformity of domestic products with E.U. standards; 	<ul style="list-style-type: none"> The impact is imperceptible so far; On long term: geographic and assortment diversification of exports; 	<ul style="list-style-type: none"> Support of international organisations; Desire of producers and exporters to identify new markets; Implementation of MSTQ strategy; 	<ul style="list-style-type: none"> Still low quality of some exported goods will not allow reorientation to other markets; Insufficient finances for “aggressive” export promotion policies; 	+0.5	<ul style="list-style-type: none"> Estimates by authors;
Trade regime with E.U.	<ul style="list-style-type: none"> Modest functioning of GSP+ System; 	<ul style="list-style-type: none"> Low diversity of Moldovan products for exportation; Some non-tariff barriers of E.U.; 	<ul style="list-style-type: none"> Imperceptible for the time being; Growth of exports that fall under incidence of trade preferences; 	<ul style="list-style-type: none"> Geographic redirection of exports; Conduct of several business forums (the United Kingdom, Romania); 	<ul style="list-style-type: none"> Economic agents are not informed well; Few business contacts with E.U.; 	0	<ul style="list-style-type: none"> Estimates by authors;
	<ul style="list-style-type: none"> Continuation of negotiations on awarding of autonomous trade preferences; 	<ul style="list-style-type: none"> Need to obtain free access to E.U. market; 	<ul style="list-style-type: none"> Larger fiscal savings; Growth of competitiveness through price; 	<ul style="list-style-type: none"> Opening of E.U.; Intense activity of Moldovan diplomacy; 	<ul style="list-style-type: none"> Low quality of Moldovan goods; Lack of business contacts with E.U.; 		

7. BUSINESS CLIMATE

Reform of commercial law

Several relevant evolutions from perspective of EUMAP were registered in the field of commercial law in the 3rd quarter. The Parliament approved important amendments and completions to the insolvency law at the request of the IMF. The amendments specify the goal of the law and eliminate a series of notions whose implementation has earlier raised dissatisfaction of international financial institutions and local private companies because they produced fiscal indiscipline and affected the free completion. A very important fact is that insolvency will be settled by law court from now on, giving up extra-judicial trials considered inefficient and frequently unfair. Also, the law on state-owned enterprise was modified. The most important amendments are linked to the procedure of constitution of enterprise, election of leading bodies and distribution of profit. The amendments aim to introduce stricter budgetary restrictions in order to improve the fiscal discipline of public enterprises and to get them used to work in line with rigours of market economy.

Regulatory reform

The Parliament has approved the law on sustenance of small and medium businesses. The law specifies criteria of qualification of enterprises, principles of state policy in field of small and medium enterprises and stipulates creation of an organisation (within MEC) to implement the state policy in this area.

The law on basic principles that regulate the entrepreneurial activity entered into force on August 11. The most essential provision of the law establishes basic principles regulating the entrepreneurial activity:

- a) prevision of regulation on entrepreneurial activity;
- b) transparency of decisions and transparency of regulation of entrepreneurial activity;
- c) analysis of regulation impact;
- d) material and procedural regulation on starting up, building and closing business under legislative acts;
- e) fairness (proportionality) of relations between state and entrepreneur.

Under provisions of the law on basic principles of regulation of entrepreneurial activity, normative acts of central public administration and other administrative authorities will be adjusted to provisions of this law.

Competition

Authors signal again the absence of a significant progress in the field of protection of competition. The effective creation of the National Agency for the Protection of Competition is delayed. The free competition was limited in continuation by actions of Government and Parliament, which pardoned high fiscal debts of some state-owned enterprises, advantaging them indirectly in relations with their competitors from private sector.

Privatisation

The Privatisation Agency opened a contest in May 2006 to sell two state-owned companies (74.7 percent of shares in the Balti-based biochemical plant and 83.3 percent of shares in the tourism operator). Both facilities have been earlier put on sale, but the Government cancelled the contracts in both cases. The 3rd quarter was marked by lack of transparency of the procedure of privatisation of Moldova-Tur.

Customs Service

Like it was said in Euromonitor 3, the Customs Service has formally received competences in the field of certification of origin of goods exported to the E.U. Starting July 1, 2006, the Customs Service is issuing origin certificates. The staffs of the Customs Service were completed with tens of trained persons to execute these functions and units specialised in issuing origin certificates have been created in every territorial customs section. The empowerment of the Customs Service with competences in the field of certification of origin of goods simplified and speeded up the procedure of exportation to the E.U.

Monitoring grid 7. Business climate

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of analysed evolutions	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
Reform of commercial law	<ul style="list-style-type: none"> Modification of the law on insolvency; 	<ul style="list-style-type: none"> Part of the regulatory reform; IMF recommendations; 	<ul style="list-style-type: none"> Enhanced efficiency of insolvency procedures; 	<ul style="list-style-type: none"> Modification of privatisation programme; 	<ul style="list-style-type: none"> Bureaucratic resistance and some corporate interests; 	+0.5	<ul style="list-style-type: none"> Estimates by authors
	<ul style="list-style-type: none"> Modification of the law on state-owned enterprise; 	<ul style="list-style-type: none"> Part of the regulatory reform; IMF recommendations; 	<ul style="list-style-type: none"> Enhanced efficiency of public economy; Better respect for free competition; 		<ul style="list-style-type: none"> Resistance of some directors of state enterprises; 		
Regulatory reform	<ul style="list-style-type: none"> Adoption of the law on basic principles of mechanism of regulation of entrepreneurial activity; 	<ul style="list-style-type: none"> Need of updating the regulation framework; Continuation of the reform started in 2005; 	<ul style="list-style-type: none"> Legalisation of some principles that favour business (stability, transparency of regulatory framework, etc.); 	<ul style="list-style-type: none"> Projects on consolidation of private sector supported by international institutions; 	<ul style="list-style-type: none"> Resistance of envisaged institutions and central authorities; 	+2.0	<ul style="list-style-type: none"> Estimates by authors
Competition	<ul style="list-style-type: none"> Lack of progress in creating NAPC; 	<ul style="list-style-type: none"> Hidden interests and corporate pressures on executive; 	<ul style="list-style-type: none"> Practices of unloyal competition continue; 	<ul style="list-style-type: none"> Government assumes commitments to implement structural reforms; 	<ul style="list-style-type: none"> Effective dependence of other regulatory agencies on Government; 	0	<ul style="list-style-type: none"> Estimates by authors
Customs Service	<ul style="list-style-type: none"> Effective transmission of competences of certification of origin of goods to the Customs Service; 	<ul style="list-style-type: none"> Conditions imposed by E.U.; Endowment of Customs Service with trained personnel. 	<ul style="list-style-type: none"> Facilitated negotiation of an asymmetrical free trade regime with the E.U.; Simplification and acceleration of exports to E.U. 	<ul style="list-style-type: none"> Existence of a political need of reformation; Financial assistance of some supporters. 	<ul style="list-style-type: none"> Lack of necessary experience and human resources. 	1.0	<ul style="list-style-type: none"> Estimates by authors

8. BORDER CONTROL

Implementation of December 4, 2003 border control concept

Adoption of the Law on Border Guard Service is late. In spite of the Plan of Priorities of MFAEI and Legislative Plan of Moldovan Parliament, this law was not adopted so far. The initial project is being re-examined in connection with recommendations of E.U. experts. In comparison with the precedent quarter, significant progresses are not observed.

A limited progress is observed in case of the state border guard concept, but it will be adopted in the last quarter of 2006, in compliance with the Legislative Plan.

Intensified cooperation between agencies in charge with border management and neighbouring countries

Progresses at this chapter are much more significant and, not the last, due to active involvement of the European Union. Activity of the E.U. Border Assistance Mission (EUBAM) continues to play a major role in improving the border management. Thus, the latest report by EUBAM indicates a better cooperation between services of Ukrainian and Moldovan border guard services and resolution of some structural and information problems signalled in the May report by EUBAM (see Euromonitor # 3).

It was decided to open new field offices of the Odessa Mission for a better coverage (for an ampler monitoring of the Odessa and Ilichevsk ports) in Chisinau (internal border between the Transnistrian region and the rest of Moldova). At the same time, the Coordinating Council has approved the first part of 3.3 million euros of the BOMMOLUK (better control at the Moldova-Ukraine border) project financed by E.U., which has an overall budget of 9 million euros. The project will offer among others equipment and special training for special services of Moldova and Ukraine.

According to data of EUBAM, approximately 15 interdepartmental mobile teams and 7 temporary control points are delivered every day as part of the joint operation. These teams and points include personnel composed of border guards, customs officers, police and traffic police, security and fiscal services. It developed into a 40-percent growth of the number of persons who were denied to cross the border (demonstrating a stricter border control) and increasing number of smuggling cases combated by joint teams. The rise of the number of Transnistrian enterprises registered in Chisinau is an indirect positive effect of the new customs regime.

A series of training courses on enhanced efficiency of EUBAM operations took place in the 3rd quarter. Training courses on methods of forging acts and methods of discovering them, car trafficking and functioning of mobile teams were organised with the assistance of EUBAM. Priority issues tackled at training courses were linked to coordination and cooperation in implementing an exchange of information between agencies involved at national and international levels.

The implementation of the action plan on development of cooperation between Moldova's Border Guard Service and Romania's General Border Police Inspectorate (see Euromonitor # 3) continues. Problems related to struggle against illegal emigration, smuggling, etc., were priorities in the 3rd quarter.

Cooperation with border services and agencies from other countries is also on the rise. Thus, joint exercises with representatives of the Latvian State Guard Service took place on August 7. Other joint exercises will continue in future. The cooperation protocol between both services was extended after a visit of the director of the Latvian State Guard Service, Gunars Dabolins. The demarcation of the Moldovan-Ukrainian border has also progressed. According to data of the Moldovan Border Guard Service, the line of the Moldovan-Ukrainian state border in the field were delimited on northern and southern sectors on a distance of 450 kilometres and 390 border signs were installed in 2006 and the process continues.

Continuation of Soderkoping process

Belarus hosted a workshop on September 7-8, 2006 themed Regional Meeting of Managers of Facilities for Asylum Seekers, which Moldova also attended. The workshop was organised by the European Commission, the Swedish Council for Migration, the High U.N. Commissioner for Refugees and the International Organisation for Migration. The talks mainly focussed on following topics: latest evolutions in this field in E.U.; practical aspects of accepting migrants without acts; exchange of experience between new E.U. member states and Belarus, Moldova and Ukraine regarding cooperation in issues linked to reception of migrants. The workshop demonstrated the need of strengthening relations and exchanging experience in the reformation process between asylum services of countries in the west of CIS and the Baltic republics. Managers of centres for refugees from Belarus, Moldova and Ukraine will pay a studying visit to Latvia/Lithuania by the end of this year.

Monitoring grid 8. Border control

Indicators / Fields	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of analysed evolutions	Circumstances favouring progress	Short and long-term risks	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
Cooperation with neighbouring countries in border management sector	<ul style="list-style-type: none"> Progresses in securing eastern and western borders; 	<ul style="list-style-type: none"> EUBAM, competent authorities from Ukraine and Moldova; 	<ul style="list-style-type: none"> Significant reduction of illegal trade and general number of offences registered in the Transnistrian section of the eastern border; Rise of the number of Transnistrian enterprises registered in Chisinau; 	<ul style="list-style-type: none"> Improvement of border control through extended coverage and opening of 2 new field offices; 	<ul style="list-style-type: none"> Less stronger position of Ukrainian authorities in context of new customs regime and pedalling of the Transit Protocol by Russian authorities; 	+1	European Commission, MFAEI of Moldova, Moldovan Parliament, Moldovan Border Guard Service, Soderkoping Secretariat (Kiev, Ukraine)
	<ul style="list-style-type: none"> Intensified cooperation between border agencies in Central and Eastern Europe; 	<ul style="list-style-type: none"> Authorities of these states; 	<ul style="list-style-type: none"> Better control on Moldovan-Romanian border and regulated exchange of information; 	<ul style="list-style-type: none"> Romania's accession to E.U.; 			
Modernisation of Border Guard Service	<ul style="list-style-type: none"> Functionaries of the Border Guard Service attend a number of seminars organised by EUBAM and other interested actors; 	<ul style="list-style-type: none"> EUBAM, Border Guard Services of Moldova and Ukraine, Latvia; 	<ul style="list-style-type: none"> Consolidation of a joint cooperation base and promotion of European standards in the field; 	<ul style="list-style-type: none"> Continued growth of participation of EUBAM; 		0	The same except for the Soderkoping Secretariat
	<ul style="list-style-type: none"> Stagnated modification of legislative framework on modernisation of Border Guard Service; 	<ul style="list-style-type: none"> Moldovan authorities; 	<ul style="list-style-type: none"> Slowing down of the process of modernisation of Border Guard Service; 	<ul style="list-style-type: none"> Promotion of new regulatory framework; 	<ul style="list-style-type: none"> Continued stagnation of the process; 		

9. COMBAT OF TRAFFICKING IN HUMAN BEINGS

Evolution of phenomenon

Data of the Anti-Trafficking programme of the OSCE Mission to Moldova shows that about 300 NGOs implement projects on prevention of trafficking in human beings. Both national and international³⁸ experts who met within the press club in early September said that the human trafficking is a stagnation process in Moldova. Statistics of the centre for the prevention of trafficking in persons of the Interior Ministry³⁹ reveal that 23 branches of traffickers from Moldova and 57 offences of trafficking in children were registered in eight months of this year, with most of offences being committed in 2003-2005. According to competent experts, a paradoxical phenomenon is observed. For example, victims of trafficking were members of socially vulnerable families in the precedent years, but now there are many cases when victims are part of wealthy families. This trend indicates the fact that potential victims do not leave because they lack jobs in Moldova, but they want to migrate to other countries including illegally, in order to earn higher salaries or to find better living standards there. At the same time, it is hard to discover this phenomenon because traffickers change the methods and destination countries very rapidly. There are many cases when persons who target at gains from trafficking in human beings involve their relatives in this "business".

According to findings of the social campaign I Also Care held by the La Strada International Centre for the Protection and Promotion of Women's Rights from November 2005 to June 2006, the trafficking in human beings has grown in Moldova. On the other hand, the number of cases of trafficking in women has declined from 95 percent down to 81 percent, while the number of cases of trafficking in men has grown from 5 percent up to 19 percent. The number of trafficked women has grown three-fold during the campaign, while the number of trafficked men and minors has grown 12-fold and 9-fold. The research study that covered 62 localities of Moldova shows that the trafficking is considered a grave problem by people of age 30-39 years (80.6 percent), of them 79.4 percent are persons with higher education. More than 90 percent of respondents agreed that victims of trafficking need very much the assistance and help of state and their community.

Coordination of actions

According to a report by the centre for the prevention of trafficking in women (CPTF), 137 Moldovans who were trafficked to other countries were repatriated from May 2003 to June 2006. These actions were mainly due to a project implemented by the association of law career women from Moldova, financed by the U.S. Department of State and coordinated by UNDP Moldova. Penal trials started in 91 out of 137 cases, of them 81 were settled. CPTF lawyers represented 269 victims of trafficking in human beings at penal trials. Eighty-two percent of them were women aged 20 years on average. According to estimates, every 3rd victim was threatened or beaten to practice prostitution; every 2nd person who was recruited was vulnerable because of the lack of a job or normal salary. Almost every victim was cheated in order to agree to be carried to other countries.

At the same time, experts ascertained after an analysis of what victims said during penal investigations and in front of law court that 68 percent of them were trafficked for sexual exploitation, 30 percent for forced labour and 2 percent for drawing of organs for transplanting. There were many cases when children of victims of human trafficking also became victims. Children from risk families and those whose parents left for work abroad are also potential victims. Most of children become victims of traffickers to be sexually exploited in Turkey, Russia, the United Arab Emirates, Balkan republics and Italy, to be forced to work in Russia and Ukraine, to be forced to beg in Russia, Ukraine, Poland, the Czech Republic, etc. Victims and traffickers were friends or relatives in 38 percent of cases. It should be noted that 60 percent of traffickers are women who became victims of trafficking and they recruit now other victims in their turn. On the other hand, 86 percent of traffickers are Moldovans, while others are citizens of Turkey, the Russian Federation, Israel and other countries.

Preventing trafficking in human beings and assisting victims

A study released by La Strada in the 3rd quarter of 2006 reveals that more than 70 percent of Moldovan population consider that the human trafficking problem requires an urgent solution. It indicates that women are most tolerant victims of trafficking (75.7 percent). Rural population (15.8 percent) and persons with secondary and vocational education (18 percent) are not very tolerant over these persons. At the same time, 90 percent of women who faced human trafficking do not tell relatives their sufferings and this fact gravely affects their psychological condition. Most of

³⁸ La Strada, Winrock International, Catholic Relief Services, Italian Consortium for the Combat of Trafficking in Human Beings, Centre for the Prevention of Trafficking in Women, etc.

³⁹ www.mai.md.

victims of human trafficking face a post-trauma stress the rest of their lives and their condition develops into epilepsy or schizophrenia, if they do not discuss this painful experience with somebody. Most recruited women hardly join the society and this fact isolates them more from community, while findings of the La Strada Centre show that 70 percent of Moldovan women who faced trafficking in human beings are rejected by society after they come back home.

The Ministry of Foreign Affairs and European Integration jointly with the Migrant programme held training courses on assistance of victims of human trafficking for employees of Moldovan diplomatic missions in the 3rd quarter of 2006. At the same time, churches of major religious denominations in Moldova posted intention to create the inter-confession coalition to prevent human trafficking. An ample project on prevention and combat of trafficking in human beings is expected to be implemented with the participation of religious institutions. The key goal of the programme is to raise the awareness of priests over risks of human trafficking, to cultivate a tolerant attitude toward victims in laic and religious community and to involve clerks in promoting messages against human trafficking. In this regard, representatives of churches will attend about 40 regional information seminars and 4 preparatory forums for community actions. A compilation of sermons will be worked out, the guide Preventing Trafficking in Human Beings Through Pastoral and Didactic Actions will be re-edited and a mini-grant programme for prevention of human trafficking by religious institutions at community level will be financed. The International Organisation for Migration will implement the project jointly with the Partnership Programme for Moldova of the World Council of Churches, which brings together the Moldovan Orthodox Church (Metropolitan Church of Moldova and Metropolitan Church of Bessarabia), the Romano-Catholic Church, the Union of Christian Evangelic, Baptist Churches, and the Lutheran Evangelic Church from Moldova.

Combating the phenomenon

The Moldovan Interior Ministry registered 296 cases of trafficking in human beings in January-August 2006 and discovered 257 of them. The police have discovered and annihilated groups, which aimed at human trafficking⁴⁰ in the period concerned. For example, they stopped the activity of some traffickers in persons who recruited elderly, women and children to beg in Ukraine and Poland⁴¹. At the same time, they held several persons who obtained very large amounts of money from their victims, promising them jobs abroad. They had very attractive offers and promised jobs in the Schengen area and monthly salaries of 700-1,000 euros to victims in exchange for 1,000-2,000 dollars, depending of possibilities of each of them. The traffickers cheated between dozens and hundreds of persons. At the same time, mass media does not rule out that high-ranking officials of police, security and law bodied⁴² are also involved in some offences.

Representatives of the section for the struggle against human beings of the Prosecutor-General's Office said that traffickers are not held because their victims do not testify against them or withdraw their complaints, if they do this. According to data of the Prosecutor's Office, 29 persons accused of organising human trafficking were jailed in 2006. Youths aged between 18 and 30 years remain the most vulnerable category. Most victims are trafficked to Turkey, Poland, the United Arab Emirates, Russia, Israel, Ukraine, Kosovo, Greece and Austria.

⁴⁰ Interior Ministry, www.mai.md.

⁴¹ According to data of the Interior Ministry, two children of ages 6 and 10 from the district of Orhei together with their mother were ill-treated and forced to beg in Warsaw, Poland, by couple Vasile and Vera Arap, who were held in July on illicit trafficking in children and women charges. These persons have begged in the street for two years and gave up to 500 dollars a day to their „owners”. The victims were repatriated.

⁴² Infotag, 18 August 2006.

Monitoring grid 9. Combat of trafficking in human beings

Indicators	Developments in 3 rd Quarter of 2006	Factors of influence	Practical impact of analysed evolutions	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
Evolution of human trafficking phenomenon	<ul style="list-style-type: none"> Growth of number of trafficked persons (in particular, children); New forms of practicing human trafficking were identified; 	<ul style="list-style-type: none"> Bad social-economic situation; Lack of jobs (remunerated well); Persistence of corruption (Report by CoE); Bureaucratic and very difficult procedures of obtaining visas for other countries; Additional earning reasons; Diversified trafficking networks; 	<ul style="list-style-type: none"> Polarizing of society; Abandonment of children; Growth of crime rate among adults; Growth of the number of corruption among structures in charge with fighting against this phenomenon; Raising of doubtful incomes; 	<ul style="list-style-type: none"> Wider participation of international organisations (OSCE, Winrock International, Catholic Relief Services); Raising their awareness over negative effects of human trafficking; Indifference of authorities in fighting forms of human trafficking; Negligence of victims of this phenomenon; 	<ul style="list-style-type: none"> Less active participation of decision makers; Reticence of public opinion to raise more aggressively the awareness of society over consequences of this phenomenon; Lack of results of negotiations on facilitation of visa issuance; Presence of corruption forms in almost all fields of public life; Unsatisfactory activity of authorities in field of legal recruitment of labour force; 	+0.5	<ul style="list-style-type: none"> Estimates by experts; Mass media; Estimates by experts; Mass media; Reports by NGOs;
Coordination of actions	<ul style="list-style-type: none"> Certain positive evolutions were registered; 	<ul style="list-style-type: none"> Better coordination between law enforcement bodies and specialised organisations assisting victims of human trafficking; 	<ul style="list-style-type: none"> Rise of the number of persons who fall under incidence of law and are sentenced; Society becomes more receptive toward human trafficking; 	<ul style="list-style-type: none"> Absence of a single record system; Organisations from province are more inert; 	<ul style="list-style-type: none"> Record of human trafficking in difficult due to the lack of a tight coordination and presence of interests; A cooperation system (Regulation) does not exist; 	+0.5	<ul style="list-style-type: none"> Estimates by experts;
Prevention of trafficking in human beings and assistance of victims	<ul style="list-style-type: none"> Actions in this direction progressed modestly; 	<ul style="list-style-type: none"> Many people still do not care about this phenomenon; Information and awareness of population were better; 	<ul style="list-style-type: none"> The impact is imperceptible so far; Population could be more receptive and cautious on medium and long terms; 	<ul style="list-style-type: none"> Support of international organisations; Desire of local actors to participate more insistently in preventing this phenomenon; 	<ul style="list-style-type: none"> Lack of a data collection system; Shortage of finances for prevention and struggle against trafficking in human beings; Public opinion is not informed well about consequences of this phenomenon; 	+1	<ul style="list-style-type: none"> Estimates by experts;
Combating the phenomenon	<ul style="list-style-type: none"> Groups and persons involved in human trafficking were annihilated; 	<ul style="list-style-type: none"> Mobilisation of human and financial resources; Cooperation between specialised NGOs and law enforcement bodies; 	<ul style="list-style-type: none"> Rise of the number of tried persons involved in trafficking in human beings; Mass media sources were more receptive to mediation of this phenomenon; 	<ul style="list-style-type: none"> Victims of trafficking in human beings are more receptive in cooperation with police; Conduct of several business forums (the United Kingdom, Romania); 	<ul style="list-style-type: none"> District commissions for struggle against trafficking in persons do not function; Few allocations for fight against human trafficking; Staff flows in police bodies. 	+0.5	<ul style="list-style-type: none"> Estimates by experts;
	<ul style="list-style-type: none"> Development of international cooperation. 	<ul style="list-style-type: none"> Need of obtaining better results of combating human trafficking; 	<ul style="list-style-type: none"> Obtained experience; More operative launching of raids against human trafficking; 	<ul style="list-style-type: none"> Opening of regional structures in charge with struggle against trafficking; Intense activity of Moldovan NGOs; 	<ul style="list-style-type: none"> Still not very operative law enforcement bodies; Insufficient cooperation with similar structures from the region; 		

10. MIGRATION MANAGEMENT

Assessment and monitoring of migration

Progress in this field was mostly delayed by institutional suspension resulted from closure of the National Bureau for Migration. However, some progresses were observed after the Government has approved the decision # 529. Thus, competences of the former NBMi went to MEC and MIA. A Bureau for Migration and Asylum (a director was not appointed so far) was created within MIA to deal with issues related to visas and invitations, migration and repatriation, analysis and information, asylum and refugees. The bureau includes 3 departments: Migration and Repatriation, Research and Strategies, Asylum and Refugees. Issues related to policies and management of labour migration rest with MEC. In this context, two new structures were created within MEC: the Unit for Labour Migration Policies and the Directorate for Implementation of Labour Migration Policies as part of the National Agency of Labour Force. Also, the Unit for Labour Migration Policies is in charged with assessing the present situation of labour migration and drafting strategies in this context.

These institutional restructurings allowed competent organisations and international assistance agencies to launch joint projects. Partners are working to adjust the projects adopted earlier.

It should be noted that the closure of NBMi has produced serious losses of time for implementation of actions stipulated by EUMAP and departure of half of qualified personnel from NBMi for abroad. This case demonstrated one more time that most institutional restructuring in Moldova are not based on systemic and functioning evaluations, but they are rather based on some reasons that experts or wide public can hardly understand.

The study Migration and Remittances. Moldova 2006, which the IOM will prepare with the ASDI/SIDA assistance, will also contribute to quality of monitoring of migration processes. This study focuses on assessment of migration trends and inflows and remittances and it will be finished by the end of this year.

Alignment of national legislation to European legislation

The Capacity Building for Developing Migration Management Procedures and Migration Policies in the Republic of Moldova Project supported by ASDI/SIDA and implemented by IOM jointly with Moldovan Government includes a component on assessment of present legislative and development framework and its approach to European and international standards. Recommendations of experts will be presented to authorities not earlier than in early 2007.

In addition, the adjustment of legislation on visa/travel policies, residence (entrance/exit/stay), simplification of regime of employment of persons from third countries), reunification of families (detention/expulsion/deportation/extradition), readmission, will require a priority approach in the near future.

National action plan on migration and asylum policy

Significant progresses at this chapter are not registered.

Visa policies

MFAEI is working hard to sign agreements on readmission and visa regime with the European Union, holding an action plan in this respect. Unfortunately, as said by many competent experts inclusively, progresses in this field depend on Moldovan authorities at a smaller extend than on Brussels authorities and E.U. member states. Achievement of the idea on opening of a Schengen Information Centre in Chisinau supported by the E.U. commissioner for justice, freedom and securities, Franco Frattini, also depends on perseverance of the European Commission and desire of member states in a big extend. According to national and international experts, facilitation of visa regime for Moldovan citizens may have a big effect on promotion of a positive image of the E.U. in Moldova and enhancing attractiveness of Moldovan citizenship for residents of the Transnistrian region.

Monitoring grid 10. Migration management

Indicators	Factors of influence	Developments in 3 rd Quarter of 2006	Practical impact of analysed evolutions	Circumstances favouring progress	Barriers on way of progress	Quantification of progress 3 rd quarter of 2006	Sources used for assessment
Monitoring, assessment and management of migration	<ul style="list-style-type: none"> “Special” institutional interests within Government; 	<ul style="list-style-type: none"> Delayed constitution of the new BfMA which takes over main competences of the former NBMi; 	<ul style="list-style-type: none"> Uncertainty of process of cooperation in migration field; Lack of a strategic approach in the field of migration and asylum; 	<ul style="list-style-type: none"> Definitive clarification of structural transformations after closure of NBMi and takeover of its functions by MEC and MIA – creation of BfMA within MIA; 	<ul style="list-style-type: none"> Protracted efforts of efficient monitoring and assessment of migration; 	+0.5	<ul style="list-style-type: none"> European Commission; Moldovan Parliament; MFAEI; IOM; Winrock;
	<ul style="list-style-type: none"> Moldova’s participation in AENEAS Programme; 	<ul style="list-style-type: none"> Moldovan authorities, European Commission; 	<ul style="list-style-type: none"> Consolidation of capacities of implementation of migration and asylum policies; 	<ul style="list-style-type: none"> Active interest of the European Commission and different actors from Moldova; 			
Alignment of legislation on migration to E.U. norms	<ul style="list-style-type: none"> Delayed process of delegation of competences of NBMi between MEC and MIA; 	<ul style="list-style-type: none"> “Special” institutional interests within Government; 	<ul style="list-style-type: none"> Uncertainty of paces of implementation of the Capacity Building for Developing Migration Management Procedures and Migration Policies in the Republic of Moldova Project; 	<ul style="list-style-type: none"> Definitive clarification of structural transformations after closure of NBMi and takeover of its functions by MEC and MIA; 		0	<ul style="list-style-type: none"> The same, except for IOM and Winrock;
	<ul style="list-style-type: none"> Lack of progress in signing readmission agreements with E.U. member states; 	<ul style="list-style-type: none"> Authorities from Moldova and states concerned; 	<ul style="list-style-type: none"> Lack of progress in management of emigration to E.U. member states; 	<ul style="list-style-type: none"> The same; 			

ABOUT PROJECT AND ORGANISATIONS

This report is published as part of the project “The European Union - Republic of Moldova Action Plan: A document accessible for the public”. The project is being implemented by two non-governmental organisations: ADEPT and EXPERT-GROUP, and it is financed by Britain’s Department for International Development. 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 public authorities will play a key role in the process of enforcement of this Plan. And the civil society, too, plays an important role both in promoting the Plan and in monitoring the implementation process.

Under these circumstances, the project is meant 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 analyses 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 non-governmental 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-GROUP expertise is applied.