



4th SHADOW REPORT Year 2018 SUMMARY AND RECOMMENDATIONS

National Action Plan for the Implementation of the EU-Moldova Association Agreement NAPIAA II (2017-2019)

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INTRODUCTION

Starting 2015, the Institute for European Policies and Reforms (IPRE) had been monitoring the implementation of the commitments, set out in the EU-Moldova Association Agreement and for the purpose of its evaluation, publishes its periodic shadow reports. The most recent IPRE Shadow Report was published on 10 September 2018 and focused on the evaluation of the implementation of the 2017-2019 National Action Plan for the Implementation of the Association Agreement (NAPIAA II) during Semester I, 2018¹.

The purpose of this Shadow report is to offer an independent quantitative and qualitative evaluation of the results achieved by the end of 2018 (2nd Semester) in implementing the commitments of the Association Agreement, in line with the objectives set out in the NAPIAA II.

IPRE shadow monitoring has three main objectives and in particular (1) offer the wider public and the media a shadow assessment to that of the Government on the progress in the implementation of the commitments set forth in the Association Agreement with the EU; (2) increase the level of accountability of authorities with respect to the domestic reforms agenda and (3) supplement the efforts of the civil society and development partners in evaluating the progress in the implementation of domestic reforms related to the Association Agreement.

The quantitative evaluation implies the evaluation of the measures foreseen in the NAPIAAA II with the deadline of implementation 31st of December 2018. The quantitative analysis is further supplemented with **an indicator of implementation effort** undertaken by the national authorities. Additionally, the Report includes a **qualitative analysis** of the key areas relevant to the five Titles of the Association Agreement. The qualitative analysis contains key conclusions and recommendations on the assessed findings until the 1st of March 2019.

The report is structured in six chapters. **The first chapter** includes (1) the general quantitative assessment of the pace of implementation of the **953 evaluated measures** until the end of 2018, but also (2) the overall implementation ratio assessed against those **1459** measures planned in NAPIAA II for 2017-2019 until the end of 2019. These assessments include also (3) a comparative analysis of the results registered in all 5 Titles of the Association Agreement, taking into account the previous evaluation timeframes. The first part concludes with the **main qualitative conclusions** of the Report, offering a list of key recommendations on measures to be taken by the end of 2019. The **other chapters** of the Report contain quantitative and qualitative assessments on each of the five monitored Titles (Title II-VI) of the NAPIAA II. Finally, after each analysed chapter, a set of detailed conclusions and recommendations are formulated.

¹ 3rd Shadow Report on the implementation of the EU-Moldova Association Agreement, IPRE, 10 September 2018: http://ipre.md/2018/09/11/al-iii-lea-raport-alternativ-privind-implementarea-acordului-de-asociere-cu-ue-trimestrul-i-2018/?lang=en&fbclid=IwAR0-VA4sn3VhKRrSzXIIZRM_FcvdZxXSXQZrze26OKrSxKhyWnRLJrH2o2c



EXECUTIVE SUMMARY

The 4th Shadow IPRE Report on the implementation of the EU-Moldova Association Agreement offers a quantitative and qualitative assessment of the results registered until the end of 2018 in the implementation of the National Action Plan for the implementation of the Association Agreement 2017-2019 (NAPIAA II).

STATISTICAL ASSESSMENT

The report analysed in total **953 out of 1459 measures set in the NAPIAA II starting the beginning of 2017**, out of which **877 measures** which were set to be implemented until the end of 2018 and **48 measures** with the continuous implementation timeframe (2017-2019). Additionally, **28 measures** initiated prior to the set deadline were included in the statistical figures.

Out of the 877 evaluated measures until the end of 2018, **465 actions** were implemented, **348 actions** are in the course of implementation, including 48 measures with a continuous implementation timeframe. At the same time, **140 actions** were not implemented. Another **25 actions** were initiated in advance, whilst other 3 are in process of implementation. Therefore, **there is a general implementation figure of NAPIAA II of 48.8%**, registering an increase of 7.6 percentage points compared with the 1st Semester of 2018. The majority of the planned actions are either in course of implementation - 36.5% or not implemented – 14.7%. **The general pace of implementation of the NAPIAA II at the end of 2018 is evaluated at 31.9%**. Therefore, until the end of 2019 the authorities must significantly increase the effort of implementation to ensure the accomplishment of the remaining 969 actions.

QUALITATIVE ASSESSMENT

The main conclusion of the qualitative assessment is that until the end of 2018 **there have been no important developments, with a reduced progress** in the implementation of the NAPIAA II (3 out of 5) being registered.

Thus, the reference period registered a **lack of progress in the area of political dialogue and reforms – Title II**, with a downgrading of the quality of the EU-Moldova dialogue. There is no visible progress in the investigation of the banking fraud. Case of selective justice are noticed via the excessive prolongation of the appeal in the “Şor” case. Moreover, during the evaluated timeframe no proceeds of crime linked to the banking fraud were recovered. Also, the Law on non-commercial organisations was not approved. The process of creation of a separate specialised anticorruption court or panel of judges. The results in the area of external and security policy, the operationalisation of the 6 common checkpoints out of 8 at the Moldovan-Ukrainian border or the approval of the Informational Security Strategy were no sufficient to compensate the lack of progress in the above-mentioned areas.

At the same time, the **Justice, Freedom and Security sector – Title III, registered a reduced progress compared to the middle of 2018, when lack of progress was registered**. The results have touched mainly the area of migration and asylum, border management, implementation of the new Law on whistle blowers and of the Law on the prevention and fight against money laundering and financing of terrorism and the institutional building of the bodies responsible for the anti-money laundering. **However, a progress was not achieved in the area of justice reform**. Moreover, the Parliament of the Republic of Moldova missed again the timeframe provided by the Constitution to approve the constitutional amendments related to the appointment of the judges, including at the Supreme Court of Justice, as well as the functioning of the Supreme Council of Magistrates.

Sectorial cooperation with the EU (Title IV) continued to register a moderate progress, mainly because of the implementing measures in the area of management of public finances, financial-banking sector, transports and the energy sector. At the same time, the reform of the public pay system was accomplished, as well as higher revenues were reported by the Fiscal State Service compared to the



ones of the Customs Service. However, the actions to conclude the reform of the administrative authorities and of the public institutions under the subordination of the ministries and the implementation of the territorial-administrative reform are still pending. The Media Services Code was adopted and entered in force. However, the media are still facing a difficult environment, which affects pluralism of opinion and independence. No progress was registered to strengthen the environment for civil society.

Trade and trade related matters – DCFTA (Title V) continued to register most of the results, with a moderate progress, but with a stagnation of the pace of implementation (Semester I 2018 – 57.8% and Semester II – 57.5%). Among the main accomplishments are the increase of share of Moldovan exports to the EU, reached 68.8% at the end of 2018. The products exported to the EU are still those which involve a reduced processing effort, which highlights their reduced competitiveness. The category of exports of equipment and machinery registered an important increase and constitutes 29% of the total exports to the EU. The approval of the legislation in the zootechny, genetically modified organisms, as well as the negotiation and ratification of the Agreement on conformity assessment and acceptance of industrial products are still pending.

There is lack of progress in the financial assistance area (Title VI), as a result of the decision of the EU to suspend the macro-financial assistance and direct budget support. Title VI had the weakest pace of implementation of the NAPIAA II compared to the other Titles (i.e. 35.4%). The European Commission decided on a substantial adjustment of the financial assistance via the direction of the EU support for years 2017-2018 worth 106 mln. EUR. Thus, the EU assistance is directed towards supporting projects which will have a direct and positive impact on the citizens of the Republic of Moldova, including civil society, independent media, responsible local authorities and the SMEs. The transfer of competences of coordination of external financial assistance from the State Chancellery of the Government to the Ministry of Finance was finalised. However, the Annual report on the coordination of the external assistance directed for the Republic of Moldova was not published. The NAC continued its cooperation with OLAF and EIB in the area of antifraud. ANI became operational. However, the majority of the positions of integrity inspectors continue to remain vacant. Until the end of 2018 only 7 out of 43 integrity inspectors as provided in the structure of personnel were filled. At the same time, the integrity certificates, issued in the context of the Parliamentary elections, did not attain the expected outcome.

As a final remark, **the reference period registered certain developments which may influence in the future the process of coordination and implementation of the Association Agreement at national level**. Thus, the Parliament of the Republic of Moldova approved on the 17th of December 2018 the National Development Strategy (NDS) “Moldova 2030”, which will determine the strategic planning objectives and the implementation of public policies by the Government for the next 10 years.

It shall also impact the mechanism of planning and coordination of the implementation of the EU-Moldova Association Agreement at national level, at present ensured by the MFAEI. The National Development Plan (NDP) for three years which is currently developed by the State Chancellery of the Government shall be in the main implementing instrument for the Moldova 2030 Strategy and will replace the current Action Plan of the Government but will also integrated the measures which are currently set in the NAPIAA. With the approval of the NDP, it will become the only strategic planning document of the Government. The new Government will have to identify the most feasible solution to ensure that the new NDP ensures the implementation of the commitments in the Association Agreement and at the same time clarify the role of the MFAEI and of the Vice-prime-minister for European integration on one hand, and that of the State Chancellery on the other, related to the implementation of the NDS of the Association Agreement.

The qualitative analysis of the current report highlights (1) the main conclusions relevant for each Title of the Association Agreement (Section 1.2 of the Report) and (2) formulates a number of key recommendations to be considered in the process of implementation of the Association Agreement in 2019 (Section 1.3).



I. OVERALL PACE OF IMPLEMENTATION OF THE ASSOCIATION AGREEMENT

1.1. GENERAL QUANTITATIVE ASSESSMENT

NAPIAA II IMPLEMENTATION RATE RATA DE (YEAR 2018) - 48.8%

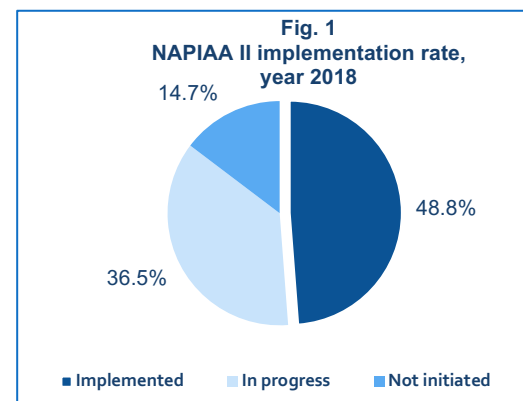
The assessment of the results of implementation of the 953 reviewed measures planned until the end of 2018 reflects an **implementation rate of 48.8%**.

NAPIAA II contains **1459 measures** in total, grouped in three categories - Laws (L and TL), by-laws (SL and TSL) and implementation measures (I). In the current Report the authors have analysed **953 measures**, including those initiated in 2017 and throughout 2018, and namely: **877 measures** with a deadline of implementation end of 2018 and **48 measures** with a continuous implementation timeframe (2017-2019). Also, **28 measures** implemented ahead of schedule were assessed.

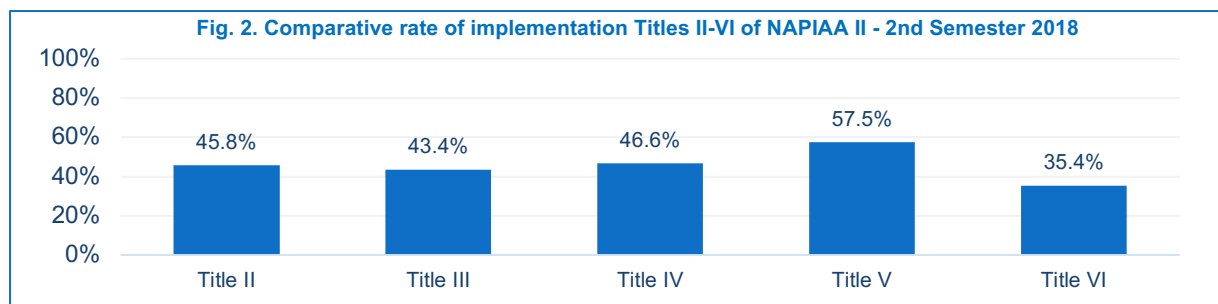
	No of measures	Implem ented	In progress	Not initiated
Analysed measures in the reporting period	953	465	348	140
Measures with deadline II Semester 2018	877	440	297	140
Initiated ahead of schedule	28	25	3	-
Measures with a continuous timeframe	48	-	48	-
<i>PNAIAA II (2017-2019)</i>	<i>1459</i>	<i>465</i>	<i>348</i>	<i>140</i>

Table 1. Rate of implementation NAPIAA II – end of 2018

Out of **953 measures**, until the end of 2018 **465** were implemented, including **28** ahead of schedule. 348 measures are in progress or have been initiated, including 48 continuous measures, whilst 140 measures were not initiated. Thus, until the 31st of December 2018, after the assessment of the status of implementation of the 953 analysed measures, **an implementation rate of 48.8%** was registered. (Fig. 1). Another **36.5%** of the measures are **in progress or initiated**, whilst for another **14.7%** of measures implementation was not initiated.



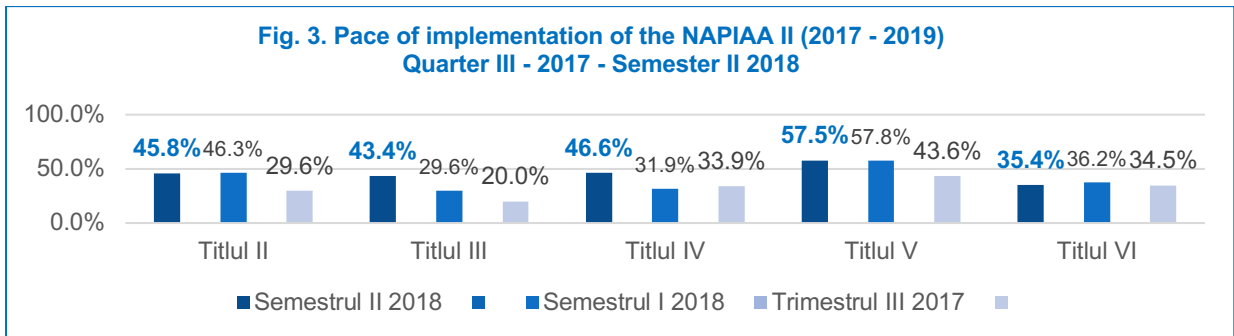
The comparative analysis of the 5 Titles of the NAPIAA II shows that until the end of 2018 the best statistical figure of implementation is with Title V (Trade and trade related matters - DCFTA), which remained at almost the same level with the middle of 2018. (57.8%).



On the other hand, the best implementation progress compared to the middle of 2018 is with Title IV (Sectorial and economic cooperation), which jumped from 31.9% to 46.6%. The rate of implementation of measures under Title II (Political Dialogue and Reforms) diminished from 46.3% to 45.8. However, an increase of the rate of implementation of Title III (Justice, Freedom and Security) is noted from 29.6% to

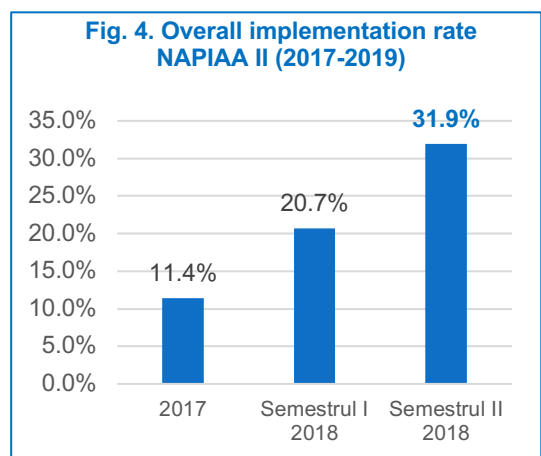


43.3%. The lowest rate of implementation is with Title VI (Financial Assistance, antifraud and control provisions) – 35.4%.



OVERALL RATE OF IMPLEMENTATION OF THE NAPIAA II - 31.9%

The overall rate of implementation of the NAPIAA II until the 31st of December 2018 is **31.9%** (fig. 4), as out of the **1459 measures** provided in NAPIAA II for years 2017-2019, a total of **465 measures were implemented**. Also, the authorities are bound to implement 969 measures until the end of 2019.

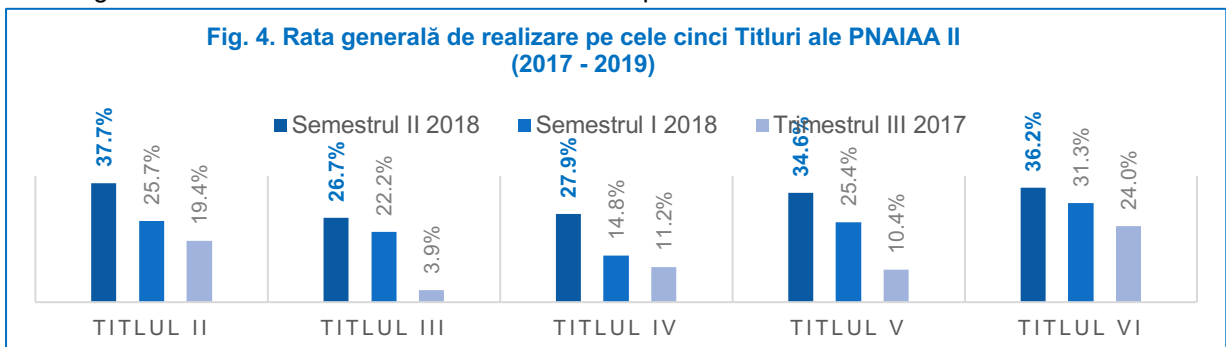


Therefore, the authorities must increase the pace of implementation of the NAPIAA II until the end of 2019 to accomplish all the planned measures, i.e. 2/3rds of the NAPIAA II measures.

The overall assessment of implementation seen via the five Titles of NAPIAA II and through the 1459 planned measures of NAPIAA II (Fig. 5) shows that that until the end of 2019 most of the actions are to be implemented with respect to Title III (Justice, Freedom and Security) and IV (Economic and sectorial cooperation), where the rate of implementation is the lowest – 26.7% and 27.9% respectively.

At the same time, in the case of Title II (Political Dialogue and Reforms) – 37.7% and Title IV (Financial Assistance, antifraud and control measures) – 36.2% a comparatively better rate of implementation is noted. However, they do not reflect a genuine progress compared to the other titles, as a number of qualitative regress factors have taken place, but also the fact that the majority of the included measures in these two titles had a deadline of implementation throughout 2018.

Although compared to the middle of 2018 there is an increase of the overall implementation rate of the Title V (Trade and trade related matters) - from 25.4% to 34.6%, the authorities must ensure substantial effort throughout 2019 to secure the implementation of all planned measures, especially as Title V has the largest number of non-initiated actions compared to the other titles of the NAPIAA II.





1.2. SUMMARY OF CONCLUSIONS OF THE QUALITATIVE ASSESSMENT – LIMITED PROGRESS (3 FROM 5)

The qualitative assessment of the Report presents a summary of the main conclusions for each Title of the Association Agreement.

1.2.1. POLITICAL DIALOGUE AND REFORMS – TITLE II – LACK OF PROGRESS (SCORE 2)

- With the suspension of EU financial assistance as a result of the sideslips in the functioning of democratic institutions and the rule of law, **the official EU-Moldova relationship entered a cooling phase.**
- **The intensity of the EU-Moldova political dialogue has been diminished**, with most of the interactions in the second half of 2018 being maintained at technical level. The level of involvement, support and capacity of the EU institutions to interact with the Government of the Republic of Moldova has significantly declined.
- At the same time, **EU cooperation with civil society organisations, local authorities and the business community has been strengthened.**
- **The post-electoral developments (February 2019) will form the basis for the EU's decision to relaunch or freeze financial assistance, or dialogue** with the Moldovan authorities.
- **Although with delay, the Government has created the National Council and the Permanent Secretariat for Human Rights.** This delay has postponed the implementation of the 2018 measures in NHRAP III (2018-2022).
- A major arrear remains the **non-adoption in final reading of the draft Law on non-commercial organizations.**
- The rate of implementation of the National Integrity and Anti-Corruption Strategy 2017-2020 is approx. 21%. No specialized **anticorruption courts or panels of judges were created.**
- **The phenomenon of electoral corruption** was widely publicized during the reference period, **but was not investigated by the competent authorities.**
- **The investigation of bank fraud has not seen significant developments.** Even if some of the misappropriated funds were located, **they were not actually recovered.**
- **The continuous delay in the examination of the appeal in the "Shore 2" case**, convicted by the district court to seven years of imprisonment, reinforces the perception of selective justice in the Republic of Moldova.
- **Cooperation in the field of foreign and security policy** was achieved through EU-Moldova bilateral and multilateral Eastern Partnership meetings, through participation in the EUTM Mali Mission and the alignment to the EU's statements and decisions in the field of security and defence policy.
- **The Information Security Strategy** for the 2019-2024, which aims to develop national mechanisms of prevention and detection of threats to information security, as well as responses to them, has been adopted.
- Whilst challenged by some representatives of civil society, in the course of 2018 there were developments aimed at achieving the commitments set out in the "eight-point package" under the so-called Berlin Plus agenda focusing on the Transnistrian settlement. In the 2nd Semester 2018, no new rounds of negotiations took place under the "5 + 2" format. Most of the meetings were in the "1+1" format and at expert level in the sectoral working groups.
- **Six of the eight common border checkpoints at the Moldovan-Ukrainian border became operational**, including the "Pervomaisc-Cuciurgan" point on the Transnistrian segment. Also with the support of the EU, the Palanca-Maiaki-Udobnoe crossing point was renovated.



1.2.2. FREEDOM, SECURITY AND JUSTICE: TITLE III – LIMITED PROGRESS (SCORE 3)

- **The Parliament missed again the legal deadlines to approve the relevant constitutional changes related to the procedure of appointment of judges**, including to the Supreme Court of Justice, whilst the functioning of the Supreme Council of Magistrates was left to hands of the political factor.
- **The reform of the Constitutional Court, including the appointment of judges, has been ignored.** Instead, persons with political positions were appointed as judges of the Court without applying the public competition procedure, which was successfully applied in 2015 and 2016, but only in the case of one judge of the Constitutional Court.
- **The procedure and the functioning of the Judiciary Inspection within the SCM was strengthened.**
- **The Integrated Case Management System (ICMS) has been improved** in the light of changes to the procedural legislation approved in the first half of 2018. However, **the use of electronic signature by actors involved in the justice sector is only at the testing stage.**
- Through the amendments to the Law no. 3/2016 regarding the Prosecutors' Offices, **the publication of the annual reports of the General Prosecutor's Office and their presentation in Parliament's plenary session was excluded.** Specialized prosecutors' offices do not have practical tools (own sites) to publish their activity reports. **This negatively affects the transparency of the Prosecutor's Office.**
- **The transposition of the new EU provisions on personal data protection (EU Regulation 2016/679 and EU Directive 2016/680) has not been finalised.**
- A number of actions have been taken to implement public policies on **migration and asylum**. The Border Management Strategy for 2018-2023 has been approved. The European Asylum Curriculum is being implemented. The Extended Migration Compendium for the years 2016-2017 was developed.
- **The conditions of visa-free regime with the EU are in general complied with.** More than 2.1 million citizens of the Republic of Moldova, holders of biometric passports, including over 150,000 inhabitants of the Transnistrian region, benefited from visa-free travel to the EU. **More than 1.5 million citizens have travelled to the EU.**
- However, **the European Commission stresses the need to review the conditions of tax incentives and "citizenship through investment"**, as well as the need to effectively implement the Law on the Prevention and Fight Against Money Laundering, including the declaration of wealth and interests, the fight against corruption and the effective recovery of proceeds of crime.
- **The Law on Integrity whistle-blowers entered into force.** The Methodology on the procedure of observance of the rights of whistle-blowers was developed.
- The fight against low-level corruption targeted social protection, health and education, where there is still a high risk of corruption.
- The Money Laundering Prevention and Control Service (MLPCS) has become operational. During 2018, a number of normative and departmental acts were adopted by the Government, the NBM and the MLPCS to implement the Law no. 308/2017 on the prevention and fight against money laundering and financing of terrorism, and for the identification of suspicious transactions in the banking and non-banking sector.
- **Actions have been initiated to verify the source of financial resources on foreign bank accounts.** However, in this case, bilateral and multilateral agreements are needed to provide rapid tools to verify and cross-check financial data.



1.2.3. SECTOR AND ECONOMIC COOPERATION: TITLE IV - MODERATE PROGRESS (SCORE 4)

- *The Parliament approved in final reading the **Law on the unitary pay system in the budgetary sector**. The authorities subordinated to the ministries continue to go through the **process of review and adjustment**.*
- ***In the context of central public administration reform**, there are still unreformed authorities which continue to be subordinated to ministries and consume their administrative resources.*
- ***Local public administration reform** through administrative-territorial reorganisation and decentralization has not been initiated, although the deadlines set out in the Action Plan for 2016-2018 on the implementation of the Public Administration Reform Strategy for 2016-2020 have been exceeded;*
- *The Parliament approved the **State Budget Law for 2019** in final reading. For the first time in the last few years, the document was approved in compliance with the legal provisions stipulating its adoption by 1 December of the previous year (2018).*
- ***The Multiannual Public Investment Programme was established**. 120 projects have been introduced in the register of capital investment projects.*
- *At the beginning of 2019, for the first time, **the State Fiscal Service brought to the Budget revenues higher than the Customs Service**. The paradigm shift reflects the new realities and trends of the economy, and confirms that tax cuts are needed to diminish the informal economy.*
- *There are a number of suspicions in the public at large about **the true purposes of the Law on Voluntary Declaration and Tax Incentives**, which was not planned in NAPIAA II.*
- *The appointment by the Parliament legislature at the end of its mandate of four new directors in the Board of Directors of the National Energy Regulatory Agency **has negatively affected the efforts made so far to strengthen the independence of the Agency**.*
- *The actual construction works of the Ungheni-Chisinau gas pipeline have not started.*
- *The feasibility study for the rehabilitation of the Bender-Basarabeasca-Giurgiulesti railway line with a length of 245 km was completed.*
- *The monitoring of the "Good Roads for Moldova" Programme repeatedly highlighted implementation gaps: **poor absorption capacity of budgetary resources; lack of control over road quality; lack of road markings and rainfall outflow; non-observance of all construction standards**.*
- *Neither in 2018 the authorities have succeeded in approving the **new Regular Technical Inspection Regulation**.*
- ***The Audio-visual Media Services Code of the Republic of Moldova was promulgated and published**. Similarly, the National Concept of Mass Media Development in the Republic of Moldova was adopted.*
- ***The media is still confronting a difficult context that affects its pluralism and independence**. Evidence is the fact that in 2018 the Republic of Moldova was downgraded in the World Press Freedom Index. **Information space continues to be influenced by misinformation activities of an internal and external nature, and by the promotion of fake news**. A special role in the fight against this phenomenon lies with non-governmental media organizations.*
- *Except for the adoption of the Strategy for Civil Society Development, **there has been no progress in the dynamics of the relationship between the civil society organisations and the public authorities**. The climate in which civil society organizations work continues to worsen. Despite these challenges, civil society becomes more vibrant and more effective in promoting core democratic values and reforms, along with the country's key development partners.*
- ***The European Union is one of the most important partners supporting the strengthening of civil society** in the Republic of Moldova. The EU Delegation in Chisinau has drafted a Roadmap on cooperation with civil society for 2018-2020.*



1.2.4. TRADE AND TRADE RELATED MATTERS (DCFTA): TITLE V – MODERATE PROGRESS (SCORE 4)

- **The share of exports to EU countries reached 68.8% of their total, three percentage points more than in 2017.**
- **The products covered by the anti-circumvention mechanism have already been exported in significant quantities.** Thus, in 2018, the share of the tariff quota for wheat was used at 508%, processed cereals - 388%, barley - 85%, sugar - 75% and corn - 305%.
- **Products with a reduced production effort, such as processed cereals, barley, wheat, corn, for which the negotiated quotas in the context of the anti-circumvention mechanism have exceeded three to five times the maximum volume initially negotiated, continue to be exported. Instead, there is no evidence of exports by category of products requiring additional effort, which indicates the low competitiveness of enterprises.**
- **At the same time, compared with 2017, there was a significant increase in exports of machinery and equipment - by 49%, which represents 29% of total exports to the EU.**
- **Progress in promoting food exports such as meat and eggs has not been successful due to the lack of significant progress in implementing commitments in the area of sanitary and phytosanitary measures.**
- **In the area of access of goods on the EU market, some provisions have been adopted regarding the transparency of the mechanism for approval and publication of prices for medicinal products for human use. The negotiation of the Agreement on Conformity Assessment and Acceptance of Industrial Products must be advanced.**
- **With regard to sanitary and phytosanitary measures, the Government continued the process of approving standards and adjusting existing ones in the field of food products and vineyard seeding material. At the same time, there have been no amendments to legislation on zootechnics and food safety. Also, the adoption of acts in the field of control of genetically modified products did not take place.**
- **The transposition of the EU Regulations on the publication of the list of air carriers subject to operation ban was not fully ensured. The Regulations on the procedure of maintenance of the Registry of technical-urban infrastructure objects has not been approved.**
- **The amendments to the legislative framework aimed at excluding the entry barriers on the market, which are contrary to the provisions of the Competition Law no. 183/2012, as well as those regarding the notification of mergers and acquisitions within the meaning of the same law were not finalised.**



1.2.5. FINANCIAL ASSISTANCE, ANTIFRAUD AND CONTROL PROVISIONS: TITLE VI – LACK OF PROGRESS (SCORE 2)

- *There is no progress in implementing the NAPIAA provisions **in the field of external assistance.***
- ***The transfer of the external financial assistance coordination competences** from the State Chancellery of the Government to the Ministry of Finance **was completed.** At the same time, the Annual Report on Coordination of Foreign Assistance for the Republic of Moldova was not published, and an integrated report for the period 2017-2018 is to be prepared.*
- ***The most important arrear is the suspension by the EU of the macro-financial assistance and direct budget support programmes planned for the Government of the Republic of Moldova,** until tangible results are shown to overcome the regress in the field of rule of law and democracy.*
- *In this respect, the European Commission decided to **substantially redirect financial assistance** by redeploying EU support for years 2017-2018, worth 106 million. EUR to civil society, independent media, the local authorities responsible for reform and SMEs, for the implementation of projects that will have a direct and positive impact on the citizens of the Republic of Moldova.*
- *In the antifraud field, NAC conducted three strategic analyses and six operational analyses on obtaining and absorbing external funds. Although, consequently, three criminal cases have been initiated regarding the misappropriation of EU funds, **no final decisions with convictions of persons involved in the fraudulent management of foreign funds have been identified.***
- ***The National Integrity Authority** became operational in 2018, with several internal regulations and methodologies needed to achieve its competencies being approved.*
- *More than **69 thousand declaration of assets and interests** have been filed within the **new e-Integrity online system.** However, **a total of 38 decisions were issued,** most of which concern cases of conflicts of interest and incompatibilities.*
- ***There is a low filling in level of positions within the ANI,** with only 34% out of the 76 staff being filled in 2018, including only seven integrity inspectors out of 43 planned according to staff structure.*
- ***The phenomenon of political leaders "immune to integrity checks" was omnipresent and increased at the end of 2018, on the eve of launching the electoral campaign for the Parliament.** The certificates of integrity did not have the effect expected by the authors of the initiative. Candidates with criminal files under examination have automatically obtained this certificate. Of the 1,604 applications submitted by the candidates, 1595 certificates of integrity were issued, of which six included additional notes.*
- ***The Agency for the Recovery of Proceeds of Crime (ARPC)** became operational with the adoption and entry into force of (1) the Regulation on the Evaluation, Management and Use of Proceeds of Crime; (2) the Regulation on the organisation and operation of the ARPC, and (3) the Instructions on conducting parallel financial investigations, as well as the Instructions on the application of the legal provisions relating to the seizure and confiscation of proceeds of crime.*
- *However, **additional measures are needed to strengthen the ARPC's capacities to identify crime-related assets in the process of parallel financial investigations** and to develop internal asset management tools for confiscated (frozen) assets.*
- *In 2018, the **ARPC examined 140 requests** for the Recovery of Criminal Goods in respect of 529 suspected or accused persons. Out of those, 78 were enforced. 1435 material assets and 103,477 securities were seized, totalling 182,122,120 MDL.*



1.3. KEY RECOMMENDATIONS ON THE IMPLEMENTATION OF THE NAPIAA (2017-2019)

1.3.1. TITLE II – POLITICAL DIALOGUE AND REFORMS

POLITICAL DIALOGUE

1. The EU-Moldova dialogue needs a reset on the basis of short-term preconditions on: the implementation of the Association Agreement, the resumption of macro-financial assistance and direct budget support, the elimination of deficiencies in the rule of law sector, the functioning of democratic institutions - especially in the context of electoral law and practice, taking into account the OSCE / ODHIR recommendations following the Parliamentary elections of 24 February 2019.
2. EU dialogue with national authorities must continue to be based on the strict conditionality principle. At the same time, the EU institutions should deepen their cooperation with all national actors, to maximize the potential of the new Parliamentary Opposition and the civil society in setting the priorities of the reform agenda and in making the Government accountable for their implementation.
3. The Moldovan authorities are to reassess the arrears and shortcomings permitted in the implementation of the Association Agreement and initiate consultations with the EU to update the common priorities set in the current EU-Moldova Association Agenda, which expires at the end of 2019.

HUMAN RIGHTS

4. Publication of the Government Decision on the establishment of the National Human Rights Council.
5. Operationalise the work of the Permanent Secretariat, designate the Human Rights Coordinator responsible for ensuring the interaction between the Council and the Permanent Secretariat.
6. Establishment of Special Municipal and Rayon Committees for Human Rights.
7. Initiation of the monitoring and evaluation process of the implementation of the NHRAP III.

NON-DISCRIMINATION AND EQUALITY

8. Adoption by the Parliament of the Republic of Moldova of the legislative amendments contributing to the improvement of the efficiency and the strengthening of the activity of the Equality Council, aimed in particular at:
 - a) increasing the number of personnel units;
 - b) strengthening financial autonomy;
 - c) excluding the inconsistencies in legislation on the functionality of the Council.
9. Ensure access to the Equality Council's premises in accordance with the specific needs of people with disabilities, with the allocation of necessary financial resources.
10. Ratify during 2019 the Optional Protocol to the UN Convention on the Rights of Persons with Disabilities, signed on 27 September 2018.

STRENGTHENING INTERETHNIC RELATIONS

11. Allocation of necessary funds for the implementation of the Action Plan on the implementation of the Interethnic Relations Enhancement Strategy (2017-2027), in partnership with development partners and civil society.
12. Strengthen the capacity of the Ministry of Education, Culture and Research (MECR) to develop and monitor policies in the field of interethnic relations and the use of languages by employing and training the necessary staff within the MECR.
13. Strengthen the institutional capacities of the Interethnic Relations Agency in the policy implementation process in the field of interethnic relations and specifically of the Strategy for 2017-2027.



14. Develop a National Programme to ensure the representativeness of ethnic groups in the public service at central and local level.
15. Develop and implement a new study programme of Romanian language in schools and high schools for representatives of ethnic groups.
16. Organisation and publication of an ethno-barometer at national level during 2019.

POLICE REFORM

17. Implement the Concept of Community Police activity (2018-2020).
18. Creation of the genetic forensic laboratory (DNA).
19. Reorganisation of the General Police Inspectorate in accordance with the Police Development Strategy (2016-2020).
20. Implementation of all the conditions in the policy matrix to absorb the EU Programme on Police Reform budgetary support.

LAW ON NON-COMMERCIAL ORGANISATIONS

21. Adoption in final reading of the Law on Non-Commercial Organizations, in the original version proposed by the Government, which will ensure the ability of the NGOs to function independently, being guaranteed freedom of expression, association and opinion. It is a step that will be an important prerequisite for restoring trust between authorities and civil society organizations.
22. The new law should not limit the funding of civil society organisations, the recognition of their public utility status or their involvement in public policy-making activities. Any changes to the draft law are to be publicly consulted beforehand with civil society organisations and development partners.

IMPLEMENTATION OF THE NATIONAL INTEGRITY AND ANTICORRUPTION STRATEGY

23. Implementation of the National Integrity and Anticorruption Strategy for 2017-2020.
24. Creation of anticorruption courts or panels of judges.
25. Auditing of the financial activity of the Chamber of Accounts.
26. Review of legislation in the areas of philanthropy and sponsorship, to ensure transparency in the charity activity of the commercial enterprises and to avoid conflict of interest.

FIGHTING HIGH LEVEL CORRUPTION

27. Investigating as soon as possible the involvement of public servants in the electoral campaign.
28. Criminal investigation of notified cases of corruption of voters – including via the use of social stores, electoral gifts and the phenomena of corruption of the vote in the day of elections, as well as of other cases of political corruption during the day of elections.
29. Extension of the mechanism of scrutiny of integrity for persons with decision making functions within political parties to exclude the risks of “contamination” of the political environment in the Republic of Moldova with personalities which, although hold “integrity certificates”, are not actually integer.

INVESTIGATION OF THE BANKING FRAUDS

30. Sanctioning of judges who apply disproportionate measures and unjustifiably delay the trial of case of significant importance for society, such as the ones related to the investigation of the episodes of the banking fraud.
31. Strengthening the available instruments for specialised prosecutors' offices to be able to identify, along with the ARPC and the SPFML the financial resources obtained as a result of the banking fraud.

EXTERNAL AND SECURITY POLICY

32. Advancement in the negotiations on the launch of the Strategic EU-Moldova Dialogue in the security sector.



33. Convene with the EU on the mechanism of implementation of the Security Procedures Agreement for the Exchange of Classified Information.
34. Strengthen the national mechanism for the recruitment, training, appointment and participation of national experts in international missions and operations.
35. Develop and implement, with the support of the EU and of the Centre of Excellence in Combating Hybrid Threats in Finland, national mechanisms for early prevention and response to hybrid threats. The creation of these mechanisms, aimed at enhancing cyber security, is foreseen by the National Security Strategy, but additional efforts are needed to cover the entire range of hybrid threats to national security.

TRANSNISTRIAN CONFLICT RESOLUTION

36. All the initiatives of national institutions that target the Transnistrian settlement and reintegration goal of the country, such as the "comprehensive package for Moldova", developed, apparently, by the President of the Republic of Moldova, before being promoted at international level, are to be exposed to a consultation process with all interested national stakeholders, including the Parliament, the Government and the civil society.
37. Immediate launch of the process of developing a single vision of country's reintegration with the involvement of all competent national institutions and with the participation of civil society.
38. All parties involved in the "5 + 2" negotiation process are to take further action to persuade Tiraspol to launch negotiations on 3rd package of the Agenda, covering broad policy regulation, including institutional, political, and security issues.

EUBAM MISSION AND THE MOLDO – UKRAINIAN COOPERATION IN THE AREA OF BORDER MANAGEMENT

39. Strengthen the cooperation of the customs and border authorities of the Republic of Moldova with the EUBAM Mission to implement confidence-building measures between Chisinau and Tiraspol in the context of achieving the conditions to absorb the free and comprehensive trade with the EU.
40. Implementation of the Roadmap for the extension of joint control at the Moldovan-Ukrainian border crossings for the period 2019-2022.
41. Conclusion of the bilateral protocols between the customs and border authorities of the Republic of Moldova and Ukraine on the organisation of full joint control at the Moldovan-Ukrainian border crossing points.

1.3.2. TITLE III – JUSTICE, FREEDOM AND SECURITY

JUSTICE REFORM

1. Reintroduce the issue of independence of judges and of the Supreme Council of Magistrates by amending the Constitution, setting a single term of appointment of judges; the exclusion of Parliament from the process of appointment of judges at the Supreme Court of Justice; excluding political control functions from the Supreme Council of Magistrates and guaranteeing the financial independence of the SCM in the process of structuring and managing its own budget.
2. Reintroduce the Constitutional Court's reform subject, including the held mandate and the appointment of judges, with a compulsory public contest requirement, as well as establishing enhanced integrity requirements for judges of the Constitutional Court.
3. Verify the integrity of members of the Judicial Inspection within the SCM in the context of clarifying and strengthening the functions of the Inspection.
4. Implement additional modules that simplify the trial procedure in civil cases, including by implementing the electronic signature, electronic certification of documents and other admissible evidence in the civil procedure.



5. Approve changes in the quality of court rulings and create tools to implement new requirements for the former, including training modules, substantiation samples, structuring and linking evidence submitted by the parties to the case.
6. Clarify the role of the Explanatory Decisions of the Plenary of the Supreme Court of Justice in the context of amendments approved by Parliament in the first reading.
7. Return to the procedure for publication and public presentation of the report of the General Prosecutor's Office in the plenary of the Parliament. Equip the specialized Prosecutor's Offices with the necessary tools to ensure the publication of activity reports.

PERSONAL DATA PROTECTION

8. Approve the amendments to the Law on protection of personal data.
9. Set a detailed framework of implementation of the provisions of the new Law in the context of the considerable necessary effort and planning of the gradual transposition of the new provisions.

MIGRATION AND ASYLUM

10. Adopt the policy framework on the implementation of the National Strategy "Diaspora 2025" and the subsequent implementation of the Action Plan.
11. Undertake the ex-ante impact analysis of the National Mechanism of prevention of the illegal stay of foreigners and implement the recommendations of the analysis, including adjustment of the policy framework of stay of foreigners.
12. Ensure the full implementation of the conditions of visa free travel with the EU, in particular in fighting high-level corruption and money laundering in line with the recommendations of the European Commission.
13. Implement the Moldova-Ukraine Roadmap on common border control points.
14. Establish joint control at the Moldovan-Romanian border crossing points.

PREVENTION AND FIGHT AGAINST LOW LEVEL CORRUPTION

15. The implementation of the Law on integrity whistle-blowers requires the strengthening of the capacities of the Ombudsman and increasing of pace of approval of implementing bylaws.
16. Implementation of the prevention and education actions to exclude cases of corruption present predominantly in the educational, health and social protection sectors.

FIGHT AGAINST MONEY LAUNDERING AND FINANCING OF TERRORISM

17. Gradual implementation of the recommendations and in order of priorities of the MONEYVAL Monitoring Report for Moldova, the Mission of which took place in October 2018.
18. Clarify the working procedures among the actors involved in the prevention and fight against money laundering and financing of terrorism, in particular among the specialized prosecutor offices, NBM, CNA, ARBI, SPCSP, as well as the entities holding and reporting data within the meaning of Law no. 308/2017.
19. Strengthen international cooperation through data exchange to enhance the prevention, investigation and tracking of financial resources involved in money laundering and financing of terrorism.

1.3.3. TITLE IV – ECONOMIC AND SECTORIAL COOPERATION

PUBLIC ADMINISTRATION REFORM

1. The complex process of reform of the public administration lacked transparency and involvement of interested parties. All subsequent actions to implement the central public administration reform and the local public administration reform require a complex approach of consultation of all interested parties.



2. Conclude the process of reform of the administrative authorities and of the public institutions in the subordination of the ministries with the establishment of functions of implementation of public policies and their efficient clustering based on competences, areas of activity and property offered in management.
3. Initiate the territorial-administrative reform with a large and prior consultation of the citizens, central and local administrative authorities, as well as of the civil society, with the presentation of the objectives, expected results, and the creation of support mechanisms to the voluntarily amalgamated local public authorities and compensation of immediate losses generated by the reform.
4. Any reform process requires time, whilst the results are not always immediately visible. Maintenance of a constant dialogue with the citizens and the civil society representatives on the its pace and the status of implementation are essential for keeping the trust in public administration.
5. Direct the efforts towards the strengthening of the capacity of public servants, to avoid errors such as those recently noted in the implementation of the new public servants pay system.
6. Promote actions which will continue to increase the quality of public services.
7. Decrease the dependency of public institutions from the political influence via the institutional and functional development of public authorities.

EMPLOYMENT, SOCIAL POLICY AND EQUALITY OF OPPORTUNITY

8. Continue the activity of initiation and negotiation of the of the bilateral agreements of social security with the destination states of the migrant workers, particularly in the countries where the Moldovan citizens are numerous.

CONSUMER PROTECTION

9. Continue the development and implementation of the procedures of management, analysis and control based on risks, including via the approval of the Methodology of planning of state control for the sectors of consumer protection and surveillance of the non-food products market.

MANAGEMENT OF PUBLIC FINANCES

10. Direct actions towards the strengthening of the fiscal governance, improve fiscal compliance, maintain sustainability of public funds and reduction of the regressive nature of the fiscal system.
11. Comply with the best EU practices and the national framework on the area of public financial management. During the budgetary year no decisions which increase the budgetary expenditure may not be applied, if their financial impact is not provided for in the budget.
12. Implement and monitor the Public Investment Programme and ensure a high level of transparency over the process of selection and the level of implementation of those investments.

FISCAL POLICY

13. On the 15th of February 2019 the deadline to submit voluntary declarations on assets expired. Therefore, to ensure the level of transparency and diminish the suspicions in society at large, the authorities should present the exact amounts which have been legalised as a result of the implementation of this Law.
14. Focus on the actions which will ensure a fair and efficient collection of taxes from taxpayers.
15. Continue the efforts to increase the efficiency of the Fiscal Service and Customs Service.
16. Develop the informational automated system which will allow the management of the conformity risks.

AGRICULTURE AND RURAL DEVELOPMENT

17. Increase the pace of transposition of the EU Directives aimed to ensure the adjustment of national provisions to the European standards, significantly increase the quality of products, protects the rights of the consumer and increase the volume of exports.



ENERGY SECTOR COOPERATION

18. Continue to strengthen the independence of the National Energy Regulatory Agency both from the political factor and from the private interests.
19. Advancement in the process of approval of the acts set out in the Plan: (i) the Law on the minimum Oil Stocks; (ii) Regulation on the authority responsible for implementing energy efficiency policies; (iii) The technical project of the Isaccea-Vulcanesti-Chișinău power interconnection line; (iv) Revision of the Energy Strategy of the Republic of Moldova until 2030; and (v) the National Plan to increase the number of buildings whose energy consumption is almost equal to zero.

TRANSPORT SECTOR COOPERATION

20. Carry out a detailed analysis and assessment of the "Good Roads for Moldova" Programme to avoid problems in future infrastructure rehabilitation programmes.
21. Strict monitoring of the procurement process and of the carrying out of works under the "Good roads for Moldova 2" programme to reduce the waste of public money and not to allow a poor quality of rehabilitated roads.
22. Develop the national infrastructure needed for electrical vehicles.
23. Transpose Directive 2014/45/EU of the European Parliament and of the Council on the regular technical inspection of motor vehicles and their trailers.
24. Involvement of local authorities in the decision-making processes, especially when it comes to developing local infrastructure rehabilitation programmes.

MEDIA

25. The authorities must effectively tackle the problem of excessive concentration on the media market, as well as the formation of cartels on the advertising markets and ensure an appropriate framework for the development of a pluralistic and independent media.

COOPERATION WITH CIVIL SOCIETY

26. Implement actions that will help restore trust between authorities and civil society organizations: increase transparency in policy formulation and decision-making; use multiple channels to request feedback from civil society; genuine involvement of the public in the development, monitoring and evaluation of Government activities; comply with promises and establish dialogue and permanent exchange of information between authorities and civil society.
27. The national authorities should ensure an adequate legal and institutional framework by implementing the Civil Society Development Strategy, adopting the new Law on non-commercial Organizations and provide access to funds through the "2% Law".
28. Civil society organizations must continue to consolidate existing coalitions and platforms. They should adjust their priorities to the strategic development goals of the country, as well as to the international commitments of the Republic of Moldova.
29. Donor coordination meetings should include, where possible, representatives of civil society and should pursue the involvement of sectoral organizations in the programming and implementation of development programmes - a practice that has proven its effectiveness in the past.
30. National authorities must reaffirm their commitment to cooperation with civil society and ensure compliance with the Law on transparency in the decision-making process.
31. Civil society organizations need to invest more in communicating with the general public and to raise awareness on the goals and objectives they are promoting to provide a clear picture of the role and functions of the non-governmental sector has in a democratic society.



1.3.4. TITLE V – TRADE AND TRADE RELATED MATTERS (DCFTA)

EU TRADE FIGURES

1. Additional effort is necessary to increase the competitiveness of the national economy sectors with growth and export potential to the EU. Among the most promising sectors are the equipment and machinery, including low and medium voltage equipment.
2. Production and export of products with a higher potential of revenues requires support via the identification of strategic products with increased demand on the EU markets, analysis of the national relevant sectors and formulation of support actions for the latter, as well as via the transposition of EU legislation for the respectively identified products.

MARKET ACCESS

3. Complete as soon as possible the preparations for the negotiation and ratification of the Agreement on Conformity Assessment and Acceptance of Industrial Products.
4. Approve the policy documents initiated in the area of acceptance and supervision of the vehicle market, including special vehicles (agricultural, forestry, recreational), as well as the new Law on medicines.

SANITARY AND PHYTOSANITARY MEASURES

5. Approval of the Law on zootechny and the Law on food safety as essential framework laws for the sanitary sector and which are to transpose over 30 EU acts in the respective sectors.
6. Approval of the regulatory framework necessary to ensure the control of the movement and labelling of genetically modified organisms.

FREEDOM OF ESTABLISHMENT, TRADE WITH SERVICES AND ELECTRONIC COMMERCE

7. Initiation and approval of ship and river transport services acts, including passenger safety requirements for naval ships.
8. Review the implementation of the EU Aircraft Safety Regulations and their authorization / restriction, implemented by Government Decision 780/2018, which approved the Regulation on Administrative Procedures for the Application and Publication of the List of Air Carriers Subject to operation bans in the Republic of Moldova.

COMPETITION AND STATE AID

9. Conclude the amendments to the legislative framework related to the exclusion of barriers to entry on the market as defined by the Law on competition; ensure the process of notification of mergers and acquisitions.

1.3.5. TITLE VI – FINANCIAL ASSISTANCE AND ANTIFRAUD AND CONTROL PROVISIONS

COORDINATION OF EXTERNAL ASSISTANCE

1. Develop and publish the annual Report on the coordination of the external assistance for the Republic of Moldova, with a comprehensive report for years 2017-2018.
2. Negotiation and signature of the Indicative Plan of external assistance between the EU and Moldova for 2019.
3. Continuous update of the External Assistance Management Platform (AMP) - <http://amp.gov.md>.



EU DIRECT BUDGET SUPPORT

4. Approval of a set of internal measures to negotiate with the European Union the conditions to relaunch the budget support for 2019.
5. Continue the implementation of the conditions provided for in the policy matrix of the EU budgetary support programmes for the Republic of Moldova to prevent the definite cancelation of the EU budgetary support allocations.

EU MACRO-FINANCIAL ASSISTANCE

6. Urgent fulfilment of the 28 conditions to obtain the EU macro-financial assistance.
7. Ensure that political conditions on the functioning of democracy and the rule of law are observed.
8. Launch by the European Union of consultations with all the political actors in the newly-elected Parliament with a view to identify the prerequisites and conditions to resume the EU's macro-financial assistance programme for the Republic of Moldova. Key issues to be analysed include: (1) implementation of OSCE / ODHIR recommendations on observation of parliamentary elections; (2) approval of the Law on Non-commercial organisations; (3) measures to reform the justice sector and fight against high-level corruption; (4) limit the participation of legal entities registered in off-shore jurisdictions in public procurement, privatisations, concessions and other forms of transactions involving state assets.

PREVENTION AND FIGHT AGAINST FRAUD USING EXTERNAL FUNDS

9. Conclude criminal investigation and send the cases to trial with the involvement of fraud using external funds.

OPERATIONALISATION OF THE NATIONAL INTEGRITY AUTHORITY

10. Speed up the process of hiring integrity inspectors within the National Integrity Authority and increase the intensity of review of declarations of assets and personal interests submitted by the reporting subjects.
11. Ensure the connection of the National Integrity Authority to the main databases and registries on assets and bank accounts, including the gradual setting of data exchange with authorities with similar competences in other states and as a matter of priority with EU Member States first.
12. Amend the legal provisions on integrity certificates to review the conditions of their issuance and their status or exclude their need in the future due to lack of practical opportunity.
13. NIA need to devote more time to the integrity analysis of high-level officials with important decision-making functions.
14. Integrity analysis should also be extended to leaders of political parties, thus avoiding the infiltration into the public life of people with suspicions of lack of integrity.

IMPLEMENTATION OF THE LAW ON THE AGENCY FOR THE RECOVERY OF PROCEEDS OF CRIME

15. Strengthen the ARPC capacities to identify assets stemming from criminal activity in the process of conducting parallel financial investigations and develop internal tools for the management of seized (frozen) assets.
16. Conclude international cooperation and data exchange agreements with authorities with similar functions from other states to conduct parallel financial investigations and recover assets from criminal activities, in particular those of immediate interest (bank fraud).
17. Use the most of the Observer status of the Republic of Moldova in the Camden Agency Recovery Network (CARIN) within EUROPOL. Active participation of ARPC within the network.
18. ARPC should consider transferring frozen asset management to another entity and focus on identifying and freezing assets as well as on parallel financial investigations.



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