

MONITORING REPORT

MOLDOVA'S PARTICIPATION IN THE EASTERN PARTNERSHIP

State of Play 2018

20 Deliverables EaP for 2020

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Abbreviations

AA	Association Agreement
ACAA	Agreement on Conformity Assessment and Acceptance of Industrial Products
APO	Anticorruption Prosecutors' Office
API	Association of Independent Press
APS	Agency for Public Services
ARO	Asset Recovery Office
CAA	Common Aviation Area Agreement
CEN	Creative European Network
CERT	Computer Emergency Response Team
CJI	Independent Journalism Centre
CO ₂	Carbon Dioxide
CSOs	Civil Society Organisations
DCFTA	Deep and Comprehensive Free Trade Area
E5P	Eastern Europe Energy Efficiency and Environment Partnership
EaP CSF	Eastern Partnership Civil Society Forum
EaPTC	Eastern Partnership Territorial Cooperation
EASA	European Aviation Safety Agreement
EEAS	European External Action Service
EBRD	European Bank for Reconstruction and Development
EED	European Endowment for Democracy
EIB	European Investment Bank
EnC	Energy Community Treaty
ENI	European Neighbourhood Instrument
ENTSO-E	European Network of Transport System Operators - Energy
ESCO	Energy Service Company
EU	European Union
EUBAM	European Union Border Assistance Mission
EUR	Euro
EUROJUST	European Union's Judicial Cooperation Unit
EUROPOL	European Union Agency for Law Enforcement Cooperation
FDI	Foreign Direct Investment
FIU	Financial Intelligence Unit
FRONTEX	European Border and Coast Guard Agency
GEANT	Gigabit European Academic Network
GEF	Global Environment Facility
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GHG	Greenhouse effect gasses
GRECO	Group of States Against Corruption
IBM	Integrated Border Management
ICMPD	International Centre for Migration Policy Development
ICT	Information and Communication Technologies
IOM	International Organisation for Migration
IREX	International Research & Exchanges Board
IRI	International Republican Institute
JBCPs	Joint Border Crossing Points
LAs	Local Authorities
MD	Moldova
MSCA	Marie Skłodowska-Curie actions
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
MoREEFF	Moldovan Residential Energy Efficiency Financing Facility
MoSEFF II	Moldovan Sustainable Energy Financing Facility
NARECIT	National Agency on Regulation of Electronic Communication and Information Technology
NARI	National Agency for Research and Innovation
NDCs	Nationally determined contributions
NGO	Non-governmental organization
NIA	National Integrity Authority
NREAP	National Renewable Energy Action Plan
ODIMM	Organization for Development of Small and Medium-sized enterprises
OLAF	European Anti-Fraud Office
PARS	Public Administration Reform Strategy
PECI	Project of European Community Interest
PMI	Project of Mutual Interest
PSC	Permanent Security Committee
RENAM	Moldova's National Research and Education Network
REPT	National Registry of emission and transfer of pollutants
RO	Romania
SAPs	Sectorial Action Programmes
SEAPs	Sustainable Energy and Climate Action Plans
SEESAC	South Eastern Europe Small Arms Control
SMEs	Small and Medium Size Enterprises
TAIEX	Technical Assistance and Information Exchange Instrument
TEN-T	Trans-European Transport Network
TSO	Transport System Operator
UK	United Kingdom of Great Britain and Northern Ireland
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USD	United State Dollar
VET	Vocational Education and Training
VLAP	Visa Liberalisation Action Plan



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CONTEXT

[The 2018 Eastern Partnership \(EaP\) Summit endorsed the 20 Deliverables for 2020](#). The European Commission and EEAS is monitoring the implementation of the deliverables, focusing on the key achievements and areas where more effort is required. Moldova alongside with EaP countries perform their own assessment in the framework of regular meetings of the Platforms, Panels and Working Groups. A separate assessment is done by EURONEST and EaP Civil Society Forum. During the EaP Ministerial meeting held on 15 October 2018 the European Commission, EEAS, 28 EU member states and six EaP Countries have [reviewed the state of play in the implementation of the 20 Deliverables](#).

In autumn 2018 the Ukrainian National Platform of the EaP CSF has issued their own report on [Ukraine's Implementation of 20 Eastern Partnership Deliverables for 2020](#). Following this example, a separate review on the Moldova's implementation of the 20 Deliverables has been conducted by members of the Moldovan National Platform of the EaP CSF.

In this regard, the Institute for European Policies and Reforms (IPRE) member of the National Platform of the EaP CSF prepared this Monitoring Report that provides a general assessment of the 2018 State of Play in implementation of the 20 Deliverables by the Republic of Moldova (January – December 2018). The Report also includes a set of suggested priorities for 2019 in order to ensure the full implementation of the Deliverables. The Report is complementary to the assessments provided by the European Commission, EEAS and the Republic of Moldova and includes an independent evaluation by IPRE experts on the progress in achieving the corresponding targets under each of the 20 Deliverables.

METHODOLOGY

The main objective of the Monitoring Report is to provide an independent overview on the state of play in the implementation of the 20 Deliverables with respect to the Republic of Moldova.

In preparing the report an Evaluation Matrix has been drafted outlining the 20 Deliverables, the corresponding Targets by 2020 as envisaged by the [Joint Staff Working document of the European Commission and EEAS](#), the State of play and marks. The marks have been assigned for the state of play with respect to each of the targets. Then an average mark has been provided for the respective Deliverable (see below). The marking has been inspired from the [EEAS 2018 Review report](#). The Evaluation Matrix is enclosed in a separate document available on-line (Annex I).

Assessment indicator	Mark	Description
Moderate progress	+	Certain activities have been initiated by EU and Moldova aiming at achieving the target of the deliverable.
On track	++	Achievement of certain results on track in the implementation of the targets of the deliverables
Completed	+++	Achievement of the results in implementing all targets of the deliverable

Following the finalisation of the assessment in the Evaluation Matrix, an Executive Summary of the key findings of 2018 and priorities for 2019 have been included in the Monitoring Report. An infographic summarising the state of play in implementation of the deliverables is also provided in the report.

The report has been subject to internal and external peer-review. In addition, prior to the presentation of the Report in a Public Event, a Peer-review Session has been organised with the participation of key stakeholders, including expert community, members of the National Platform of the EaP CSF, representatives of the Ministry of Foreign Affairs and European Integration.



I. CROSS-CUTTING DELIVERABLES		
1	Structured engagement with Civil Society	+
2	Gender equality and non-discrimination	++
3	Strategic communications, media plurality and independence	++
II. ECONOMIC DEVELOPMENT AND MARKET OPPORTUNITIES		
4	Improve the investment and business environment; unlock SMEs growth	++
5	Address Gaps in access to finance and financial infrastructure	+
6	Create new Job opportunities at local and regional level	+
7	Harmonization of digital markets	+
8	Trade and DCFTA implementation	++
III. STRENGTHENING INSTITUTIONS AND GOOD GOVERNANCE		
9	Rule of law and anti-corruption mechanisms	+
10	Implementation of key judicial reforms	+
11	Implementation of public administration reforms	++
12	Stronger Security	++
IV. CONNECTIVITY, ENERGY EFFICIENCY, ENVIRONMENT		
13	Extension of the TEN-T core networks	++
14	Energy Supply	++
15	Enhance energy efficiency and use of renewable energy; reduce greenhouse Gas emissions	++
16	Environment and adaptation to climate change	++
V. MOBILITY AND PEOPLE-TO-PEOPLE CONTACTS		
17	Visa liberalization and mobility partnerships	++
18	Youth, education, skill development and culture	++
19	Eastern Partnership European School	+++
20	Research and innovation	++
+	Moderate progress	++
	On track	+++
	Completed	



Executive Summary

The EaP 20 Deliverables for 2020 is an additional instrument to promote the attainment of key priorities of the EaP countries and reach tangible results until 2020. Five priority areas have been identified by the European Commission, which refer to crosscutting issues, economic development and market opportunities, strengthened institutions and good governance, connectivity, energy efficiency, environment and climate change, as well as mobility and people-to-people contact.

Because of the nature of the document, which refers to all six EaP countries, the targets and deliverables set in the 2020 Deliverables may not be as ambitious as expected for the EaP countries which have already taken action to attain the results for the formulated priorities. Thus, in the case of Moldova, some of the targets have well been attained prior to the approval of the 2020 Deliverables. Examples include: institutional framework for gender equality and non-discrimination, gender disaggregated data to measure involvement of women in public life, institutionalised entity to promoted the development of SMEs (ODIMM), the creation of the national regulator in ICT sector, the creation of the CERT, implementation of the Authorised Economic Operators (AEO) programme, specialised anticorruption bodies (APO and NAC), institutionalised training for judges and prosecutors (the NIJ), visa free travel regime to EU, just to name a few.

The EU involvement in the promotion of the 5 priority areas was a substantial one. The EU4business, EU4energy, EU4youth, EU4Innovation have implemented actions across the EaP countries, including in Moldova, opening further opportunities for funding for the actors in the 5 priority areas and promoted the attainment of the 2020 Deliverables set results.

Moldova also benefits from a targeted support from other development partners, such as the Council of Europe, UNDP, USAID, World Bank, GIZ across the 5 priority areas.

The only action which was evaluated as implemented is the opening of the Eastern Partnership European School. All the other actions and groups of actions were evaluated either as registering moderate progress of being on track.

Cross-cutting deliverables

The actions set for the cross-cutting areas registered generally an “on track” performance, with the gender equality and non-discrimination as well as media plurality and independence. The structural engagement with civil society has however registered only moderate progress. Although an important shift may be seen with respect to the support of the civil society in become more resilient, the communication with the public institutions has been at times difficult. Initiatives to restrict or control the activities of civil society representatives, including via last-minute legislative initiatives, have only worsened the relations between the public institutions and the civil society representatives.

The following key priorities must be further addressed in the remaining 2 years:

- 1) Approval of the new law on non-commercial organisations and effective implementation of the EU support programmes in Moldova related to the support of CSOs, mainly local and grass-root
- 2) Implementing measures to effectively increase participation of women in public life, prevent domestic violence and enhance the work of the Equality Council
- 3) Effective redress of the media ownership concentration, cartelisation of the advertising market, as well as early warning and filtering mechanism to address disinformation, both from internal and external sources

Economic development and market opportunities

Actions to support to SMEs and trade & DCFTA implementation were assessed as “on track”. Key deliverables of the two sectors of intervention are an increased number of SMEs who are supported with funding and capacity building to boost their business opportunities as well as promising trade figures of



the country generally (close to 70% of Moldovan exports directed to the EU in 2018), with new chapters of exports (equipment and machinery) having a lead record a 2-year period (26% out of the total share of exports in 2018).

The actions related to access to finance and job creation and local and regional level have registered a “moderate progress”. Access to finance is still not sufficiently vibrant, particularly for start-ups and SMEs, although actions were taken both to “clean” the banking system after the 2016, with EBRD acting as an important shareholder in two of the three commercial banks under “special supervision” from the National Central Bank and a new entrant from Romania (Banca Transilvania). The FDI did not reach yet the record USD 200 million registered back in 2014, although there have been both policy and implementing measures taken in 2016-2018 to improve the business climate in Moldova. Job creation at local and regional level has not registered sufficient pace. These outcomes are possible with strong local public authorities, which currently face excessive fragmentation, reduced population and very little own revenues and local capacities. Increased productivity of created jobs is possible with smart specialisation, which has not yet taken place. At local level production is mostly in the hands of large producers who generate low-competitive products, mostly raw materials and not final products for consumption.

The following key priorities must be further addressed to ensure better results:

- 1) Alternative financing, in the form of venture capital and crowdfunding must be unlocked for SMEs, via policy development and implementation instruments. Attraction of capital from Moldovan citizens established abroad may further increase financing opportunities;
- 2) Promote crediting in local currency, provided that proper currency stability is ensured via the National Central Bank and currency shocks are avoided by the Government with excessive expenditures and increased budget deficit;
- 3) Promote the territorial-administrative reform to increase the capacities of local authorities to implement local policies for job creation, smart specialisation, effective use of available infrastructure and resources;
- 4) Refocus the public expenditure for rural and agricultural development to support innovative and high-revenue business models among SMEs and start-ups;
- 5) Promote the digital markets integration via the cross-border e-Signature, e-Customs, e-Logistics, e-Health and further promote the elimination of roaming fees and harmonise international calls;
- 6) Address the educational skills – market needs mismatch from the businesses point of view with a structured appraisal of the needed skills and further liaison with the public sector (Ministry of Education, Culture and Research) on the adjustment and improvement of the curricula in schools and universities
- 7) Develop advanced statistical tools to measure the impact of the SMEs on the export (jobs, share, value, types of products, sectors of economy, innovation & research application) in the context of DCFTA implementation.

Strengthening institutions and good governance

The implementation of key judicial reforms as well as the rule of law and anticorruption mechanisms have registered a “moderate progress”. These two sectors, crucial to guarantee attractiveness for business and fairness to citizens suffers from insufficient results. Actions were taken at policy level to improve the process of self-management of the judges’ and prosecutors’ bodies. The process of appointment of judges and prosecutors is still questioned in terms of fairness and merit-based promotion. Alternative evaluations show that the process of appointment of judges and prosecutors at times does not involve a merit-based approach and that there are still inconsistencies with respect to the way the results of the candidates are marked. The investigations initiated against judges and prosecutors, including those involved in high-profile baking fraud and Russian laundromat cases, are still not finalised.

The rule of law and anticorruption institutional framework registered important developments, with the creation of the National Integrity Authority (NIA), the Anticorruption Prosecutors’ Office (APO), the Asset



Recovery Office (ARO), the Financial Intelligence Unit (FIU), as well as approval of important anti-money laundering and illegal asset recovery legislation. At implementation level, important constraints may still be found. The NIA started to be operational only in 2018 and the review of the assets declarations and conflict of interest are mostly confined to sanctioning local and rayon level councillors. High-level public officials have not been subject to detailed assets reviews and investigations.

The implementation of public administration reform and the security actions have registered an “on track” assessment. Policy and implementation actions were taken to address the public administration reform. Separation of policy formulation & evaluation from implementation and more effective use of public resources to promote public policies was at the heart of the public administration reform in 2017. Exclusion of obvious situations of conflict of interest via transfer of implementation to subordinated Agencies and Inspectorates is under way, with some additional action necessary to transfer management functions from the Ministries. Integration of the delivery of public services was done via the creation of the Agency for Public Services (APS), which opened multifunctional centres in 2nd level centres of public administration.

The Security sector registered increased cooperation with EU specialised agencies. Practical cases of application of cooperation with counterparts from the EU and EU Member States to fight organised crime as well as money laundering have been registered. Hybrid threats have been addressed with cooperation programmes with the EU and other EaP countries.

The following key priorities must be further addressed to ensure better results:

- 1) Fully capacitate the APO, ARO, FIU to effectively investigate high-profile cases of corruption, money laundering and develop internal instruments to manage frozen assets;
- 2) Negotiate and enforce international agreements, primarily with the EU and EaP countries to further exchange information on assets identification, freeze, enforcement of joint investigations on high-profile cases, including those of immediate interest for the community (the banking fraud and the Russian laundromat);
- 3) Clarify the process of appointment and promotion of judges based on the newly approved legislation on promotion of judges to ensure merit-based and transparent appointments;
- 4) Conduct the territorial-administrative reform, adjust public service delivery with the cooperation of the newly created local public authorities and the APS via the front/back office approach to bring closer the services to citizens;
- 5) Ensure effective follow-up of the decisions of the Chamber of Accounts, including criminal and administrative action;
- 6) Finalise the reform of intelligence-led policing and the creation of the unified crime analysis system;
- 7) Develop a permanent Security Risk Assessment mechanism and effective early warning system of security related threats.

Connectivity, Energy Efficiency, Environment

The Extension of the TEN-T core networks, Energy Supply, Energy Efficiency and Environment have all registered an assessment of “on track”. Actions were taken in all four priority sub-areas with important implications in the upcoming years. The Connectivity sector ensured progress in connecting to the TEN-T, recent decision from Romania was taken to build a new A8 motorway which will connect Moldova to the EU motorway network. Investment projects in infrastructure have been negotiated and initiated with the World Bank. Since 2012 Moldova is part of the Common Aviation Area (CAA).

Moldova transposed most of the 3rd Energy Package legislation. Gas connections between Moldova and Ukraine were approved, work on the interconnection Ungheni-Chisinau commenced and Romanian investment into the gas supply sector attracted. Electricity interconnections initiated with both Romania and Ukraine with an estimated completion of the projects in 2020.

Moldova committed to reduce CO₂ emissions, approved national legislation and strategic planning documents to promote renewable energy and increase efficiency of use of energy resources. Sector



legislation was approved to promote the greening of the businesses, primarily of the SMEs. Specific legislation was promoted to prohibit export of timber. The Emerald Network sites in Moldova have increased with one unit (36 to 37) from 2016 to 2017.

The following key priorities must be further addressed to ensure better results:

- 1) Implement the Railways concept of restructuring and fully transpose transport-related EU legislation based on the AA;
- 2) Finalise the interconnectivity with Romania and Ukraine on gas supply and electricity by 2020, including the gas pipeline to Chisinau;
- 3) Ensure proper transposition and implementation of the 3rd Energy package legislation;
- 4) Support more public authorities to implement Sustainable Energy and Climate Action Plans
- 5) Collect disaggregated data on greenhouse effect gas emissions and set in place the National Registry of emissions and transfer of pollutants;
- 6) Promote the implementation of the Green Economy Promotion Support Programme for SMEs
- 7) Promote the new Forestry Code and effectively enforce the legislation sanctioning illegal logging and export of timber;

Mobility and People-to-People Contacts

After more than 4 years of Visa free regime with the EU Moldova registered insignificant rates of refusal of 0,3% and of illegal stay of 0,5%. The EU evaluated the progress on the Visa free dialogue as “on track”, however underlined the important of implementing the anticorruption and anti-money laundering legislation. Cooperation was fruitful with EU agencies and over 100 projects on EU-Mobility Partnership have been implemented.

Dual education and VET have been supported by the EU and by GIZ. Since 2015 dual training is implemented in the Moldovan businesses based on the German practice. In 2018 the Government institutionalised the dual technical professional training. Unemployment rates among youth are still rather high. Moldova is part of the Creative Europe Network (CEN) since 2015 but did not use much of the resources to benefit from membership. A moderate participation of Moldovan researches was identified within the Marie Skłodowska-Curie Actions (MSCA).

The participation of Moldovan Universities and research institutes within the research and innovation initiatives of the EU was moderate, although Moldova was the first of the EaP countries to become a full associated member of the EU Programme Horizon 2020. In 2018 Moldovan organisations participated in 48 Horizon 2020 projects. The Moldovan National Research and Education Network was connected in 2018 to the GEANT Connectivity map. In October 2018 Moldova hosted the 3rd EaP E-infrastructure Conference EaPEC 2018.

The following key priorities must be further addressed to ensure better results:

- 1) Effective implementation of the anticorruption and anti-money laundering VLAP benchmarks;
- 2) Implement the joint border crossings with Romania and Ukraine;
- 3) Measure the impact of the VET measures promoted in Moldova, as well as the internationalisation of the Moldovan universities;
- 4) Ensure more involvement in activities supported within the framework of CEN and MSCA;
- 5) Adopt and implement the Road Map on the integration of the Republic of Moldova into the European Research Area for 2019-2021;
- 6) Ensure a more active participation of the Moldovan researches, academia and NGOs in the Horizon 2020 and other EU Programmes in the research and innovation areas.



I. CROSS-CUTTING DELIVERABLES

1 Structured engagement with Civil Society



Overall assessment: **moderate progress**

Despite a series of challenges during 2018, such as attacks on Civil Society Organizations (CSOs), critical to governmental policies and initiatives or attempts to limit their external financing, **Moldovan civil society is becoming more vibrant and more effective at promoting core democratic values and reforms alongside the key development partners of Moldova.** This trend is sustained as well by the most recent USAID 2017 CSO Sustainability Index.

Many CSOs, primarily local and grass-roots organizations, are struggling financially and have limited access to funding and capacity building programs. To address this challenge the **EU has increased its support to civil society in Moldova**, thus becoming one of the largest donors to civil society in Moldova. The indicative bilateral allocation for civil society in Moldova for 2017-2020 accounts between EUR 14.2 million and 17.4 million. In September 2018, the EU has approved a new Roadmap for the engagement with civil society in the Republic of Moldova (2018-2020). At the beginning of 2018 a special EU High Level Advisor for Civil Society Engagement was recruited in order to support a better engagement of CSOs by the Government.

Limited progress is registered to improve participation space for CSOs in Moldova. The legal framework provides for a proper environment for the participation of CSOs in the policy development process. However, the impact of CSOs on shaping the public policy remains limited. The Parliament is ignoring the public consultation process when conceptual changes are operated in draft laws prepared with the contribution from or in consultation with the CSOs. **The Law on non-commercial organizations is still not adopted by the Parliament.** In this regard, concerns were raised by Moldovan CSOs that possible amendments (especially on foreign funding and restrictions on policy formulation) would be included before its final adoption. The NGO Council is the main dialogue partner for the Parliament and is part of the committee monitoring the implementation of the **Strategy for Civil Society Development (2018-2020) adopted in March 2018.**

The **National Platform of EaP CSF and the EU-Moldova Civil Society Platform are lacking core institutional funding to support its Secretariat and planned activities.** Following discussions with the EU Delegation in Chisinau and EaP CSF Secretariat, it is likely that in 2019 the National Platform of the EaP CSF will benefit from a Grant to cover its secretariat work and activities. Even though certain membership overlapping in these civil society platforms exists, the scope of activities of the platforms is rather different. The platforms have conducted their activities as scheduled, ensuring more coordination efforts between their activities, thus multiplying the impact of their monitoring, policy development and advocacy activities. Nevertheless, the platforms are facing challenges, such as lacking assigned funding and fully functional secretariats.

Priorities:

1. Adoption of the new law on non-commercial organisations as approved by the Government, as a first step to address the shrinking space of civil society in Moldova;
2. More support from the EU and other development partners is required for core funding for established CSOs and Think-tanks;
3. The National Platform of EaP CSF and the EU-Moldova Civil Society Platform should discuss and approve a Joint Strategic Plan to improve coordination and fundraising activities to secure institutional funding to support fully functioning secretariats, monitoring, advocacy and visibility activities.



I. CROSS-CUTTING DELIVERABLES

2 Gender equality and non-discrimination



Overall Assessment: **On track**

Gender equality and non-discrimination actions were taken by the country since 2006. The Law no. 5/2006 on ensuring equality of opportunity between women and men have provided the initial necessary impetus for promotion of gender equality. Since 2007 the National Bureau of Statistics provides disaggregated data based on gender, as well as offers specific statistical reports and analysis on the involvement of women in public life.

Equality and nondiscrimination legislation was enhanced with the approval of the Law no. 121/2012 on ensuring equality. The Equality Council was created as a result of the approval of the Law, which ensures referral mechanisms and sanctioning for breaching equality and non-discrimination legislation.

The Law no. 45/2007 on the prevention and fight against domestic violence foresees the application of protection measures from the police and the courts of law. The National Human Rights Action Plan for 2018-2022 further **enhances** the process of promotion of human rights and contains specific provisions of the prevention and fight against domestic violence. The Istanbul Convention was signed by the Moldovan Government in February 2017 and the National Human Rights Action Plan for 2018-2022 envisages ratification until 2022.

ODIMM has implemented since 2017 the **Women in Business Programme** and since 2018 the **Business Academy for Women**.

In the Women in Business Programme over 408 women from 31 districts of the Republic of Moldova have been trained and assisted in launching business (including from ATU Gagauzia and Transnistrian region.) In the Business Academy for Women project, supported by the EU over 314 women entrepreneurs have been trained, 6 businesses increased their capacities benefiting from the support of 24 consultants, network of mentors have been established and 10 grants amounting EUR 60000 have been offered. In addition, access to the PLATO program have been provided.

Priorities:

1. The Moldovan Government should take action towards ensuring increased participation of women in public life, including in the security, internal affairs and representation functions, first and foremost at central level;
2. More resources should be directed toward the effective practical application of the domestic violence prevention legislation, including adequate temporary placement of the victims of domestic violence and alleged aggressors;
3. The functions of the Equality Council require revision to exclude overlaps with the other institutions responsible for equality and human rights protection, such as the Ombudsman and the courts of law. A clarification to the status of the case-law of the Equality Council as opposed to the decisions of the courts of law should be provided to avoid multiple parallel referrals on the same case.



I. CROSS-CUTTING DELIVERABLES

3 Strategic communications, media plurality and independence



Overall assessment: **On track**

The EU has improved its visibility and outreach activities in Moldova. In 2018 **EEAS has adopted the Communication and Visibility Requirements.** The EU Delegation in Moldova dedicated **special attention to inform about EU ongoing and implemented actions in Moldova** and increased the regional and local outreach activities targeting local CSOs, local authorities, rural and regional development. In 2018 the IRI polls from 2018 indicated an **increase of public support for the EU from 43% in February ⇒ 48% in October 2018.**

The mass-media in Moldova is still confronted by a challenging environment affecting its plurality and independence. The 2018 World Press Freedom Index has downgraded the country. The concentration of media ownership, the cartelisation in the media advertising market, content, and audience favours the two politically dominant actors that shape public opinion and results in an under-informed or misinformed public. In order to support media plurality and independence in Moldova, **the EU has launched in 2017 in the Framework of ENI Single Support Framework a special EU Action on Strategic Communication and media Support in Moldova amounting EUR 5 million.** This action is complementary to additional support implemented in cooperation with Council of Europe (i.e. Project on Media Pluralism) and by EU Member States (i.e. Germany, Sweden and UK) or European Endowment for Democracy (EED) Media Action. Additional support is provided via US funded programs, implemented via the US Embassy in Chisinau or via USAID media projects implemented in partnership with Freedom House, Internews and IREX.

In June 2018 the **National Concept for developing mass-media in Moldova** was adopted. A **new Code on audio-visual media services** was adopted by the Parliament in November 2018. Despite the fact that the draft Code was developed in an inclusive manner with the participation of key international and local media organizations and CSOs, certain concerns were still raised by Moldovan CSOs and international partners that the Code is not able to ensure a proper environment to support media plurality and independence. **External propaganda continues to be perpetuated** via different types of Russian entertainment programs, re-broadcasted by local TV media outlets. **Domestic disinformation is an added problem.** This is also confirmed by a recent 2018 National Survey on Perception of Media conducted by Internews. While **Moldovan authorities are lacking an effective early warning mechanism against information-related threats**, the Independent Journalism Center (CJI) - www.mediacritica.md and the Association for Independent Press (API) - www.stopfals.md manage to bring positive efforts in exposing external and domestic disinformation and fake news. To improve resilience to disinformation in the EaP countries the **EU has strengthen the capacities of the EU East StratCom Task Force in 2018 and adopted a special Action Plan against Disinformation.**

Priorities:

1. EU should continue its efforts in informing the public about the ongoing EU actions and projects in Moldova, in particular targeting local and regional stakeholders;
2. Moldovan authorities should effectively address the media-ownership concentration, cartelisation of the media advertising market and ensure a proper environment for the development of pluralistic and independent media;
3. Moldova should develop an effective early-warning system and mechanisms to combat external and internal disinformation.



II. ECONOMIC DEVELOPMENT AND MARKET OPPORTUNITIES

4 Improve the investment and business environment; unlock SMEs growth ++

Overall assessment: **On track**

The EU offered substantial support for the development of SMEs in Moldova via crediting instruments. Throughout 2016 and 2017 the EU supported 195 enterprises with advisory services, offered loans to 211 enterprises, with a total value of 16,348,671 EUR, created 1215 new jobs and contributed to the support and sustainability of 5106 jobs.

The Moldovan Government approved national legislation which reduces the burden on businesses and created the cooperation platform with the business to foster dialogue and increase business opportunities.

There is a separate public entity which promotes the development of SMEs – the Organization for Development of Small and Medium-sized enterprises (ODIMM). The ODIMM runs support programmes from SMEs, including with co-funding from the EU.

By mi-2018 over 1748 companies have exported to the EU, in particular to Romania (1052), Germany (280), Italy (237), Poland (221) and Bulgaria (148). This indicated a slight increase in comparison with the numbers from 2016 (1360). However, there is no desegregated data to measure the share of the SMEs in the Moldovan exports to the EU based on the DCFTA/AA.

Priorities:

1. Ensured collection and disaggregation of data which would allow measuring the impact of the DCFTA on the SMEs sector, including the EU support offered to promote and develop SMEs in Moldova, the share of SMEs in Moldovan exports to the EU and other relevant indicators;
2. Regional economic diplomacy efforts should be taken to foster trade and investment among the EaP countries, including via sharing of experience in accessing the EU market, particularly for the associated countries.



II. ECONOMIC DEVELOPMENT AND MARKET OPPORTUNITIES

5 Address Gaps in access to finance and financial infrastructure



Overall assessment: **Moderate progress**

The banking system was subject to important action of stabilization and exclusion of effective beneficiaries who do not comply with the banking rules of transparency. Majority shares of two out of the three commercial banks, which were under special supervision from the National Central Bank, were sold to international investors, including the EBRD and the Transilvania Bank (a commercial bank from Romania). Actions to sell the majority shares from the third commercial bank are under way.

The SMEs still face important challenges in accessing capital for investments and are not providing sufficient innovation to increase their competitiveness.

Alternative crediting opportunities are not yet in place in Moldova. Legislation on venture capital and crowdfunding (adjustment thereof of existent legislation) is not yet approved. The National Central Bank offers on-line monitoring and reporting tools on the crediting offered by commercial banks. A system of credit history bureaus is in place since 2008.

The crediting opportunities for SMEs was extended by the EU via the EBRD and EIB instruments, including via domestic commercial banks. However, the crediting is in most respects offered in foreign currency.

Priorities:

1. More action should be taken to promote the crediting in national currency, subject to adequately implemented currency stability instruments by the National Central Bank;
2. Alternative instruments of crediting in the form of venture capital and lending-based crowdfunding for SMEs should be promoted;
3. SMEs must enhance their innovation while initiating/enhancing their businesses to boost up competitiveness and increase crediting opportunities.



II. ECONOMIC DEVELOPMENT AND MARKET OPPORTUNITIES

6 Create new Job opportunities at local and regional level



Overall assessment: **Moderate progress**

The local development which could to boost jobs and economic opportunities suffers from insufficient attention. The local development is greatly dependent upon strong local public authorities. Due to the excessive fragmentation of the country and increased immigration, most of the local public authorities do not have capacities to promote local development and job creation. At regional level, sectorial action programmes (SAPs) are approved to promote economic growth and smart specialization. However, the SAPs require important financial allocations and capacity to implement them.

The decentralization process registered moderate results. Although action was taken to ensure financial and property decentralization, including transfer of parts of revenues to local public authorities (road tax, corporate and personal income tax etc.), as well as reorganization of a number of deconcentrated authorities to increase effectiveness of public expenditure, the main obstacle in the process of effective decentralization is the excessive fragmentation and lack of capacities in most of the local public authorities to deliver on the minimal functions they have as provided by the Law on local public administration. A territorial-administrative reform is envisaged for 2019 in the Public Administration Reform Strategy.

Smart specialization is not available at central level as a matter of public policy. The development regions have identified in rather broad terms the directions of specialization which, if properly valued, will promote the necessary impetus for economic development.

The groups of producers and the enterprise cooperatives do not hold an important share of Moldovan exports to the EU. The exports of low-competitive agricultural products, but also the sources of production (lands) are with a small number of large producers in the country, which further promotes dominance and creates barriers to entry for innovative and smart specialization SMEs.

The Agricultural and Rural Development Strategy requires important fine-tuning, including from the perspective of public expenditures for subsidies to increase the competitiveness of Moldovan products oriented for exports.

Priorities:

1. Local development is possible with stronger, well capacitated local public authorities. The territorial-administrative reform of the country must be promoted as soon as possible to ensure sufficient human and financial resources for local public authorities. These new local public authorities will have the capacity to promote local development, including via smart specialization, job creation and innovation;
2. The public expenditure directed to rural and agricultural development require refocusing to allow innovation and smart agriculture take the place of low-competitive agricultural products currently exported by a reduced number of large agricultural producers;
3. Action must be taken to address the competition constraints on key agricultural markets in Moldova and reduce the barriers to entry for new and innovative businesses with higher revenue potential.



II. ECONOMIC DEVELOPMENT AND MARKET OPPORTUNITIES

7 Harmonization of digital markets



Overall assessment: **Moderate progress**

The national regulator NARECIT was created since 2007 as a result of reorganization process and is acting in an independent manner. Some initial actions were taken to reduce and further exclude the roaming fees among the EaP countries and among the EU Member States. A recent study was finalized which sets a number of recommendations to overcome the roaming costs among the EaP countries and the EU Member States.

Little progress was attained to promote the electronic signature among the EaP and EU Member States.

The Moldovan CERT is in place in Moldova since 2010. There is harmonized and enhanced legislation on electronic commerce. However, the harmonization of the eCustoms and eLogistics has not yet taken place.

Little progress was attained in promoting the jobs coalitions for digital jobs based on the EU model. Some actions were initiated to digitalize the services offered by the health institutions.

An advanced policy and implementation package of actions was taken to promote the ICT sector. Further action is needed to match the educational, including vocational training with the market needs.

Priorities:

1. More action is required to promote the harmonization and further the elimination of roaming fees for mobile services. The Moldovan Government should consider advancing first on a bilateral basis, for instance with Romania, where actions were already taken to exclude roaming costs as well as harmonize international call fees.
2. Additional effort should be taken to promote the e-Signature, e-Customs and e-Logistics to boost economic interconnectivity and enhance business opportunities. The envisaged EU action in the EaP countries on e-Commerce, e-Customs and e-Logistics should be initiated as soon as possible.
3. Action should be promoted, including by the EU to initiate national coalitions in the ICT sector. Currently, there is one active Association of ICT private companies. More action is required to promote the dialogue between the ICT business and the educational sector to reduce the gaps between the offered education and the market needs.
4. Additional action is necessary to further digitalize the health services in the country.



II. ECONOMIC DEVELOPMENT AND MARKET OPPORTUNITIES

8 Trade and DCFTA implementation



Overall assessment: **On Track**

Trade with the EaP countries mostly remained at same shares. The exports to the EU have significantly increased in 2018 to up to 70% of total Moldovan exports. Reduced trade with the other EaP countries is generated by less interest as well as reduced buyer power compared to the EU market.

Trade with the EU, particularly exports could be still significantly enhanced. A good development is the diversification of the Moldovan exports to the EU market with a group of goods being registered in 2016-2018 – equipment and spare parts, which now holds a share of 26% out of the total exports of the country. This sector has higher revenue potential and may well increase the revenues of businesses but also boost local and central budget incomes.

Insufficient progress in attracting FDIs was registered in 2016-2018. The 2018 figures have not yet overstepped the maximum of FDI reached in 2014 by the country of over USD 200 million.

Actions were taken by the Government to improve the business and investment climate throughout 2016 and 2017. Many of the actions generated more deregulation and less authorizations and permissive acts for business, as well as leniency towards businesses which committed certain criminal offences related to business activity.

The Authorized Economic Operators scheme is in place since 2014, which increases cross-border trade and reduces the administrative burden on businesses related to customs procedures.

Priorities:

1. Further action is necessary to ensure diversification of the exports and constant increase of the level of competitiveness of the Moldovan products;
2. There is no disaggregated statistical data which would show that the SMEs share of exports has increased over the last 2 years (2017 and 2018). Action is necessary to collect data on exports based on the type of enterprises, including SMEs;
3. Action is necessary to promote the ratification and implementation of the Convention on a common transit procedure with Romania and Ukraine;
4. Conclusion of the negotiation and ratification of the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA).



III. STRENGTHENING INSTITUTIONS AND GOOD GOVERNANCE

9 Rule of law and anti-corruption mechanisms



Overall assessment: **Moderate progress**

The system of electronic declaration of assets and conflict of interests is functional and fully operational since the beginning of 2018. The lack of obligation to report assets and personal interests for leaders of political parties and high-ranking members of the political parties greatly undermines the process of filtering public persons who do not comply with integrity requirements. The system of verification has not been fully aligned for a fast and efficient verification of declarations. The NIA does not have access to data on assets from other countries due to lack of agreements with other countries, but also because the interoperability solutions have not been implemented for some of the databases and registries held by other Moldovan entities.

Some of the GRECO's recommendations for Moldova have been already implemented, such as the Code of Parliamentary Procedures (approved as draft by the Parliament), the composition of the Supreme Council of Prosecutors and the disciplinary proceedings within the Supreme Council of Magistrates' subordinated bodies. The specialized anticorruption prosecutors' office investigated high-level corruption cases, including those linked to the banking fraud and the Russian laundromat. However, convictions were considered politically motivated. There is still a perception of selective justice in some cases compared to the others, with some politicians being in jail whilst others holding public positions and actively campaigning ahead of the start of the political campaign for the Parliamentary elections in February 2019.

The ARO was successfully established in 2017. However, the structure still requires important capacity building and extension of instruments to perform its tasks. The APS is registering starting with August 2018 the data on effective beneficiaries as provided by the Law no. 308/2017 on prevention and fight against money laundering and financing of terrorism. The National Central Bank is constantly monitoring the structure of shareholders and their transparency as regards the effective beneficiaries.

Priorities:

1. The reviews of the NIA have targeted in 2018 low-level rayon of local councilors, instead of concentrating on the incompatibilities of high-ranking officials. NIA should dedicate more time in reviewing the integrity of high-level officials with important decision-making positions and increase its administrative capacities by employing the additionally necessary personnel. Currently only 6 out of 42 integrity officers' positions were filled in with personnel.
2. The integrity review should be extended to the leadership of political parties, to avoid infiltration into the public life of persons with suspicions of lack of integrity and further have freedom to erode the democratic and "checks and balances" processes promoted within the state institutions. Ensuring integrity in the decision-making positions within political parties also will ensure that the decisions in the parties are taken in a democratic and a representative manner.
3. More action is required to effectively prosecute high-level corruption cases and ensure celerity in high interest corruption cases, such as the Russian laundromat and the banking fraud cases.
4. The ARO should consider transferring the management of frozen assets to a different entity and focus on assets identification and freezing, as well as parallel financial investigations.
5. The NIA, APO, ARO and FIU should consider fostering international cooperation agreements beyond the traditional criminal cooperation in criminal matters via rogatory commissions.
6. Enhanced cooperation should be promoted when conducting complex criminal investigations, identification of assets, review of legality of transactions, conducting parallel financial investigations and formation of international teams of investigators and prosecutors.



III. STRENGTHENING INSTITUTIONS AND GOOD GOVERNANCE

10 Implementation of key judicial reforms



Overall assessment: **Moderate progress**

Since 2012 the Parliament approved important legislation to improve the process of selection and appointment of judges and prosecutors. The Supreme Council of Prosecutors received additional functions based on the Law no. 3/2016 on the prosecutors' offices. There is a system of promotion and career of prosecutors, which is managed by the Council of Promotion and Career of Prosecutors and by the Council of Evaluation of Prosecutors' Performance. Data on promotion and career of prosecutors is kept via the Registry of Candidates, which is made public and is disaggregated based on gender. There is also a Prosecutors' Inspection which monitors the work of the prosecutors and suggests, if applicable, application of sanctions via the Disciplinary Council of the Prosecutors.

The Supreme Council of Magistrates manages the process of appointment, career development and promotion of judges. There are similar structures to support the work of the Supreme Council of Magistrates as in the case of prosecutors: The Council of Promotion and Career of Judges, the Council of Evaluation of Judges and the Disciplinary Council. The functions of the Judiciary Inspection were recently enhanced by amendments to the Law on the status of judges and the law on the disciplinary liability of judges. Disciplinary and criminal actions were initiated in the last years with respect to certain judges and prosecutors. Most of the cases are still pending final court judgements or are at the stage of appeal.

Legal aid is offered via the regional offices of the National Centre for State Guaranteed Legal Aid. Data on the expenditure, as well as tailored statistics on total amount of support offer via legal aid may be publicly extracted from the website of the National Centre. A slightly increased budget may be noticed with respect to access to legal aid.

The training of judges, prosecutors, as well as other legal professions involved in the justice system is offered by the National Institute of Justice. The budget of the Institute was however slightly reduced in the last 2 years. The Institute passed through a review of the curricula with the support of development partners. Amendments were passed in 2016 to the Law on the National Institute of Justice to enhance its performance.

Priorities:

1. Alternative evaluations show that the process of selection and promotion of judges is not always based on merit. The decisions of promotion of judges by the Supreme Council of Magistrates may only be challenged on procedural grounds and not on the merits, which does not allow for an effective process of scrutiny of decisions to promote certain judges in higher positions, including in positions of deputy chairmen and chairmen of courts of law. Additional actions of clarification related to the process of selection, including grading of candidates is required in the light of the recent amendments mentioned above.
2. Celerity must be ensured for high profile cases with the involvement of judges and prosecutors in corruption and corruption related cases.
3. Review of the quality of offered legal aid is necessary to ensure constant increase of quality of provided legal aid by attorneys. A referral mechanism as well as random verification of quality of offered legal aid is recommended to ensure an efficient expenditure of public funds for legal aid.
4. More effective practices to use the instruments to secure the civil claims are necessary to avoid extensive requests for search of the debtor in civil and administrative cases.



III. STRENGTHENING INSTITUTIONS AND GOOD GOVERNANCE

11 Implementation of public administration reforms



Overall assessment: **On track**

The Public Administration Reform Strategy for 2016-2020 (PARS) and the Action Plan for 2016-2018 envisage important transformations into the public sector. The PARS and the Action Plan for 2016-2018 envisaged separation of the policy formulation, monitoring and reporting from the policy implementation. As a result, the number of Ministries was reduced from 16 to 9 and the functions of implementation were transferred to subordinated Agencies, Inspectorates and other bodies. During 2018 the Ministries transferred the management of state enterprises to the Agency for Public Property. Some of the remainders of implementation functions may still be found in ministries responsible for the management of National Funds, for which a separate management entity was not created yet (i.e. the Ministry of Agriculture, Regional Development and Environment).

The civil services reform from 2018 took place as a result of the new Law on Government. The high officials from ministries, with the exception of ministers, received the status of superior rank public servants, which offer more stability in employment and should contribute to institutional memory. The public institutions are bound by access to information and petition legislation to be accountable and transparent towards the public. The Law on transparency in the decision making process obliges them to publish and consult with the public draft decisions, particularly those of high importance.

The new Agency for Public Services has taken over a number of public services from prior 5 reorganised public institutions. It followed a process of opening multifunctional centres in all cities which host the 2nd level administration. Additional public services are planned to be transferred to the respective multifunctional centers, including on the basis of front office/back office principle.

Priorities:

1. An important action, which is planned for 2019 is the territorial-administrative reform. Special attention must be paid to the process of territorial-administrative reform and ensure that the principles of prior public consultation, efficiency, representation and access to services is complied with.
2. General State Secretaries and State Secretaries must not be influenced by politicians in performing their duties. Recent practices when the General State Secretaries are then promoted to the position of ministers increases the suspicion that the differentiation of public servant from public figure is not properly managed and understood by political parties.
3. In the process of transfer of delivery of certain public services via the multifunctional centers, the compliance with the legislation and principles of administrative decentralization should be respected, including clear delimitation of own competences/services to be provided by the local public authorities from the ones where there is a shared/delegated competence.
4. The process of budgetary oversight requires additional attention, including via the review of the contents of the Decisions of the Chamber of Accounts and effective action is required to both improve the budgetary expenditure process and ensure effective law enforcement, including criminal prosecution and confiscation of illicit assets.



III. STRENGTHENING INSTITUTIONS AND GOOD GOVERNANCE

12 Stronger Security



Overall assessment: **On track**

In 2017 the Government extended the **National Strategy of preventing and fighting organised crime**. In 2018 a new **Action Plan for the implementation of the Strategy for 2018-2019** was **approved** by the Government. The EU-Moldova strategic and operational cooperation in the area of combating organized crime **is ensured in particular via** the cooperation Agreements with **EUROJUST and EUROPOL**. A new cooperation action Plan for 2018-2020 was signed with **FRONTEX**. Moldova also cooperates within **MONEYVAL and OLAF**. A Special contribution is also offered by the **EUBAM Mission**. One recent example of successful joint criminal investigation and intelligence-led actions between German and Moldovan authorities, supported by EUROPOL, was the **ROOFTOP** operation.

In 2018 the Moldova Government established a **Special committee in charge of monitoring the circulation of small arms and light weapons**. Moldova is actively cooperating within the framework of SEESAC to actions of control of small arms and light weapons in the South East Europe.

In November 2018 the Parliament adopted the **Program of measures for the implementation of the Concept on information security (approved in 2017)**, that aims at ensuring a proper national legal and institutional framework for the implementation of the **National Strategy on Information Security and its Action Plan (2019-2024)** adopted also in November 2018. In 2018 the Government established the **Service for information Technology and Cyber security (CERT)**.

The EU has increased its focus on building capacities and resilience in EaP countries in the security sector. In this regard, **EU included Moldova in a group of pilot countries to support capacities in the area of hybrid threats**. EU-Moldova cooperation in foreign and security policy continued via regular bilateral meetings (PSC), alignment to EU declarations and decisions in the area of security and defence policy. The EU-Moldova **agreement on security procedures for the exchange and protection of classified information** entered into effect on 1 January 2018. Moldova continues to participate in EU Missions. In October 2018 two civilian experts of the National Army have been detached to the European Training Mission in Mali (EUTM Mali).

In 2018 the **National Defence Strategy and the Action Plan (2018-2020)** was adopted by Government in 2018. In 2018 the **Speakers of the Georgian, Moldovan and Ukrainian Parliaments** agreed to establish an **Inter-Parliamentary Assembly that shall aim also to promote common security and strengthen capabilities against hybrid threats**.

Priorities:

1. Finalise the reform on intelligence-led policing and the creation of a unified crime analysis system as a matter of priority;
2. To establish a Structured EU-Moldova Security dialogue aiming at addressing hybrid threats, enhancing Moldova's defence and security capacities;
3. Moldova to strengthen its security cooperation with Ukraine and Georgia, identifying and implementing joint actions and initiatives with a particular focus on tackling hybrid security threats;
4. Moldova to develop a permanent Security Risk Assessment mechanism and an effective early-warning system of security related threats;



IV. CONNECTIVITY, ENERGY EFFICIENCY, ENVIRONMENT

13 Extension of the TEN-T core networks



Overall assessment: **On track**

In November 2017, a High-Level Understanding has been signed by Moldova with the EU to extend the roads and railways indicative maps of the EU's Trans-European Transport Network (TEN-T) to Moldova. In 2018 Romania **included the East-West Motorway (A8) in the list of priority investment projects**. The project will be implemented, among others, with EU funds by 2030. The new motorway is part of the EU's TEN-T Core and will connect Moldova to the West of Romania.

In 2018 the World Bank prepared an **Investment Infrastructure Development Plan for Moldova and other EaP Countries**, identifying rapid response and long-term priority projects as well as the challenges for their implementation. On the national level, to contribute to improvement of road infrastructure according to TEN-T guidelines, Moldovan authorities started construction **of bypass roads of towns and road sections** (total length of 156 KM). Investments projects for modernization of belt sections of Chisinau (Sectors 2 and 3 of M1) have been included in the Neighbourhood Investment Programme supported by the World Bank.

In 2017 Moldovan Government approved the **Concept for Restructuring of the Moldovan Railways (2018-2021)** and initiated the implementation of the Action Plan for the railway sector reform and Moldovan Railway Company, aiming to advance with the rehabilitation of railways network connecting with TEN-T corridors. The EU with the support of the EIB and EBRD is supporting Moldova in improving and modernization of the railway network.

Moldova is implementing the **Common Aviation Area Agreement (CAA)** with the EU since 2012 and a Working Agreement between European Aviation Safety Agreement (EASA) and Moldovan Civil Aviation Authority since 2014. In March 2018 a **new Aviation Code** of the Republic of Moldova entered into force. The Code is transposing the EU Regulation 216/2008/CE on common rules in the field of civil aviation and establishing a European Aviation Safety Agency and the EU Directive 2004/36/CE on the safety of third-country aircraft using Community airports.

Moldova endorsed the 2018 Ljubljana EaP Declaration on Road Safety and committed to review the commitments in this area. Thus, Moldovan Government aims to amend in 2019 the current National Strategy on Road Safety. Moldova still **needs to fully transpose the EU acquis as provided by the EU-Moldova Association Agreement** in order to provide a proper national legal and institutional framework to adapt the EU standards in the area of road, railway and air transport. **Road safety performance in Moldova remains low** by international standards. Mortality rates from road traffic injuries stand **at 13 deaths per 100,000 population**. This rate is three times higher than that of the European Union.

Priorities:

1. Fully transpose the transport-related EU acquis according to the EU-Moldova Association Agreement, in particular the EU directives in area of road safety.
2. Implement the Concept for Restructuring the Moldovan Railways
3. Secure support from development partners to speed-up the implementation of road and railway infrastructure connectivity projects with the EU.



IV. CONNECTIVITY, ENERGY EFFICIENCY, ENVIRONMENT

14 Energy Supply



Overall Assessment: **On track**

EU4Energy Programme (2016-2020) continues to provide according to the 2018-2019 Work Program, technical assistance and advise to Moldovan authorities in the process of transposition of the EU energy acquis in the national legislation. By virtue of the EU-Moldova Association Agreement and the commitments within the Energy Community Treaty, Moldova has transposed the majority of the **EU 3rd Energy Package** provisions into the primary legislation via the adoption of the Law on Electricity 107/2016, Law on Natural Gas 108/2016 and the Energy Law 147/2017. However, the full transposition into the secondary legislations is pending. In 2018 additional amendments to the Energy Law have been adopted by the Moldovan parliament in order to ensure the full transposition of EU Regulation 347/2013 which will facilitate the realization of ongoing strategic infrastructure projects in gas (Ungheni-Iasi interconnector) and electricity (HVL Vulcanesti-Isaccea). These projects aim to upgrade Moldova's security of energy supply.

The 16th Ministerial Council of the Energy Community Treaty (EnC) held in November 2018, approved a new (PECI) Gas Project on the construction of bi-directional flow between Moldova and Ukraine (Trans-Balkan Corridor). In addition, the EnC Ministerial Council confirmed two other PMI projects proposed by Moldova and Romania i.e. **(1) the construction of 400 kV high voltage line Vulcănești (MD) – Isaccea (RO) and (2) the Gas pipeline interconnection Ungheni – Chisinau.**

Gas interconnection Ungheni-Chisinau. In 2018, Vestmoldtransgaz, a former state-owned company managing the gas interconnector Ungheni-Iasi, was sold to Romanian TSO Transgaz with the obligation to invest EUR 93 million and to finalize the construction of the Ungheni-Chisinau pipeline by 2020. In November 2018, the Ministry of European Funds of Romania signed with Transgaz Romania a financing agreement for a development project to upgrade the natural gas transport system in the North-East of Romania by the end of 2019. This will provide the necessary conditions for the natural gas interconnection between Moldova and Romania to be fully operational.

Integration with the EU electricity market. One option considered by Moldova was to **join ENTSO-E together with Ukraine.** In this regards, in July 2017 an Agreement on the integration conditions of the Moldovan (Moldtelectrica) and Ukrainian (Ukrenergo) electricity transmission systems with the ENTSO-E was concluded. The agreement provides for the conditions of the synchronous interconnection with ENTSO-E in 6 years. However, in parallel **Moldova prioritised the interconnection with the Romanian electricity system.** In December 2017, Moldovan Government has signed with Loan Agreements with EBRD and EIB amounting to EUR 160 million to invest in the construction of the first priority electricity interconnection project with Romania. The loan agreements were adopted by Moldovan Parliament in July 2018. The total estimate cost of the project is EUR 270 million. In addition to the potential EUR 160 million in loans to be provided by EBRD and EIB, World Bank will offer another EUR 70 million. While the EU is expected to provide additional EUR 40 million in grants. The estimated deadline for the project implementation was 2020.

Priorities:

1. Ensure full transposition of the EU 3rd Energy Package into the secondary legislation, including the unbundling in the gas sector by 2020.
2. Finalize the construction of the Ungheni-Chișinău Gas-pipeline by 2020;
3. Speed up the priority electricity interconnection project with Romania by 2020.



IV. CONNECTIVITY, ENERGY EFFICIENCY, ENVIRONMENT

15

Enhance energy efficiency and use of renewable energy; reduce greenhouse Gas emissions

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Overall Assessment: **On track**

As of December 2018, **21 out of 898 Moldovan Local Authorities join the Mayors Covenant**. Since 2017 6 local authorities acceded to the initiative, of which 13 LAs committed to the reduce CO₂ emissions of 20% by 2020 and 9 LAs committed to 2030 target. At the same time, **15 LAs have submitted Sustainable Energy and Climate Action Plans (SEAPs)**.

On the national level in order to promote a sustainable development economy, in 2018 the Government adopted the **Program to promote green economy and its Action Plan for the year 2018-2020**. In order to transpose the EU Directive 2012/27/EU on Energy Efficiency the Parliament adopted a **new Law on energy efficiency**. In 2018 a **new Law on renewable energy entered into force**. **Key energy efficiency and renewable energy objectives and targets** in line with EU commitments are envisaged by the **Energy Strategy 2030** and by dedicated **National Action Plan on Energy Efficiency** for the years 2016-2018 and the **National Renewable Energy Action Plan (NREAP) 2013-2020**. The **Energy Efficiency Agency** is the implementing authority in the field of energy efficiency and renewable energy sources. The **Energy Efficiency Fund** is in charge for attracting and managing financial resources to finance and implement projects in the field of energy efficiency and renewable energy.

Moldova is participating in the **Eastern Europe Energy Efficiency and Environment Partnership (E5P)**. by 2018 Moldova pledged over **EUR 29,6 million contributions**. To date, 3 projects have been initiated in Moldova by EBRD and EIB with a total budget of **EUR 67,11 million and EUR 13 million of E5P funds**. In the framework of **the EaP Sustainable Urban Demonstration Projects (SUDeP)**, in 2018, 3 funded projects have been implemented in three municipalities of Moldova.

Moldova ratified the Paris Agreement in 2017 and **committed to reduce by 2030, the overall emissions of greenhouse effect gases (GHG) with least 67%** against the level of 1990. A Low Emission Strategy by 2030 is currently implemented by the Government. In 2018 the **Fourth National Communication on NDCs was submitted by the Republic of Moldova**.

In 2018 the framework of the **EU-funded Covenant of Mayors – Demonstration Projects Programme** smart and energy-efficient street lighting has been implemented in Ocnita, Cantemir and Orhei municipalities. UNDP is implementing in Chisinau the **ESCO Moldova project (2014-2018)** - Transforming the market for Urban Energy Efficiency in Moldova by introducing Energy Service Companies, funded by the Global Environment Facility - GEF (USD 1,45 million). In 2018 a **new UNDP project “Moldova Sustainable Green Cities”** was launched (USD 2.719 million).

With the support of the EU European Neighbourhood Investment Fund, EBRD implemented until 2017 the Moldovan Residential Energy Efficiency Financing Facility (**MoREEFF**) of up to **EUR 35 million** supporting energy efficiency investments in the residential sector. EBRD also implements the Moldovan Sustainable Energy Financing Facility (**MoSEFF II**) of up to **EUR 22 million**.

Priorities:

1. Encourage more municipalities to join the Mayor Covenant, adopt and implement Sustainable Energy and Climate Action Plans (SEAPs)
2. Ensure full transposition of the EU acquis in the area of energy efficiency and renewable energy.
3. Advance in implementing the 2030 the emissions of greenhouse effect gases (GHG)
4. Establish a fully-functioning mechanism for collection of data on GHG emissions by set-up of the National Registry of emission and transfer of pollutants (REPT).



IV. CONNECTIVITY, ENERGY EFFICIENCY, ENVIRONMENT

16 Environment and adaptation to climate change



Overall assessment: **On track**

The Parliament approved the Law no. 86/2014 on environmental impact assessment and the Law no. 11/2017 on strategic environmental assessment. The two Laws partially transpose the provisions of the EU Directives 2011/92/EU and 2001/42/EC respectively. The Government approved the Decision no. 814/2017 on the approval of the Management Plan of the Nistru river hydrographic basin. Also, recently the Government approved the Decision no. 955/2018 on the approval of the Management Plan of the Danube-Prut and Black Sea hydrographic basin. The Plans were approved based on article 19 of the Law no. 272/2011 on water, which partially transposes the EU Water Framework Directive 2000/60/EC.

The Government approved the Decision no. 160/2018 on the approval of the Programme to promote green economy in the Republic of Moldova for 2018-2020 and the Action Plan for its implementation. The Programme contains among others targets to increase to 30% the number of SMEs are exposed to greening.

The Strategy of Development of SMEs for 2012-2020 envisages an action Plan for 2018-2020, approved via Government Decision no. 463/2018, which sets the development of a Support programme for SMEs to implement green economy, worth 5, 10 and MDL 15 million for 2018, 2019 and 2020 years respectively. ODIMM will be implementing the Programme. The Action Plan for 2018-2020 under the SMEs development Strategy also envisages information and dissemination activities for SMEs on the advantages of green economy.

A process of reform of the State Agency responsible for the management of the forests in Moldova – Moldsilva, was initiated. Some minor administrative changes were made via Government Decision no. 549/2018. The Parliament amended the Law no. 94/2007 on the ecological network, by means of which the notions of Emerald Network and of national level importance site were introduced. Between 2016 and 2017 Moldova managed to increase with one unit (from 36 to 37) the number of designated protected areas. The amendment also included a table with mandatory payment for each unit of national importance species of flora.

Action was taken to improve the delivery of environment related statistical information and analyses. The National Bureau of Statistics offered disaggregated data on the subject. The Ministry of Agriculture, Regional Development and Environment should consider improving the accessibility of data on its website on analyses conducted in the environmental sector.

Priorities:

1. Increase transparency in the process of management and reporting on management of water resources in the two rivers' basins
2. Start the implementation of the Green Economy Promotion Support Programme for SMEs
3. Collect disaggregated data on the share of SMEs in green economy
4. Increase the level of access of environment related data for the general public for potential sector analysis
5. Promote and approve the new Forestry Code and ensure effective law enforcement for illegal logging and exports of timber
6. Enhance management of protected designated areas including via a thorough reform of the Agency Moldsilva.



V. MOBILITY AND PEOPLE-TO-PEOPLE CONTACTS

17 Visa liberalization and mobility partnerships



Overall assessment: **On track**

On April 28, 2018 Moldova celebrated the 4th anniversary of the **Visa free regime with the EU**. Over **2,1 million citizens** of the Republic of Moldova holders of biometric passports, including over 150.000 from the Transnistrian region, are benefiting from the visa-free travel to the EU. By April 2018 over **1,5 million citizens** travelled to the EU. According to FRONTEX data, the number of **refusal entries** are low, registering a rate of **0,3%**. While the figures for **illegal stay were about 0,5%**.

The First Report European Commission (EC) Report under the Visa Suspension Mechanism concluded that Moldova is **on-track in implementing the visa liberalisation benchmarks**. However, **backlogs have been identified with reference to the implementation of the anti-corruption and anti-money laundering benchmarks**. Moldova is benefiting from **EU budget support programme of EUR 21 million to support Moldova in implementing the Visa Liberalisation benchmarks**. To date **only 1/3 of the funds have been disbursed** to Moldova due to the application of strict EU's conditionality.

In 2018 the 10th anniversary of the **EU-Moldova Mobility Partnership** was marked. To date **over 100 projects have been implemented** in the field of migration in cooperation and with the support of **16 EU member states, European Commission, FRONTEX, the European Training Foundation and ICMPD**. A Mobility Partnership Assessment Exercise has been conducted in Moldova with the support of ICMPD. In 2018 the ICMPD launched a **new call of applications** for projects in the framework of the **EU's Mobility Partnership Facility** with a total budget of EUR 5 million. Moldova is implementing the **Action Plan for 2016-2020 to implement the National Strategy on Migration and Asylum for 2011-2020**.

The Moldovan border police and customs officers benefited from the support of the **Eastern Partnership IBM Capacity Building Project led by FRONTEX**. EUBAM is providing support and advice in this process. In **2018 IOM Office in Moldova, launched a new EU-funded Project (EUR 4,75 million)** to support the improvement of the **Integrated Border Management (IBM)** and improve the transparency and the operational capacity of Ukrainian and Moldovan border and customs authorities.

In 2017 the Mandate of the Mission was extended until the end of 2020. In 2018 Moldovan **Border Police Inspectorate and FRONTEX signed a new Cooperation Action Plan for the years 2018-2020**, aiming at improving the exchange of data on migratory flows, the use of relevant data to combat cross border crime and initiatives to support technical assistance to the Moldovan authorities.

In 2017 The Moldovan and Ukrainian Government signed a **new Agreement on Joint Border Control** that entered in to force in May 2018. To date **7 Joint Border Crossing Points (JBCPs) on the Moldovan-Ukrainian border are functioning**, including one on the Transnistrian segment of the border with Ukraine. A Roadmap of expansion of the **JBCPs** for the period 2019-2022 is implemented. In November 2018 the Moldovan and Romanian Border Police agreed to conduct joint mobile patrol of the border. No joint control at the border crossing points are operational on the Romanian-Moldovan border.

Priorities:

1. To Ensure the full implementation of anti-corruption and anti-money laundering VLAP benchmarks;
2. To implement the Moldova-Ukraine Roadmap on Joint Border Crossing Points;
3. To institute Moldovan-Romanian joint control at the border crossing points.



V. MOBILITY AND PEOPLE-TO-PEOPLE CONTACTS

18 Youth, education, skill development and culture



Overall assessment: **On track**

Throughout 2017 and 2018 cooperation projects were launched under the Erasmus+ Capacity Building. Over 31 project proposals were initiated by higher educational institutions in Moldova.

The share of unemployed youth is still considerable, with around 12% in the age group of 15-24 years and around 5,2% in the age group of 25-34 years.

Dual education was launched in Moldova since 2015 via the structural support from the German Government via the GIZ structural project. After three years of piloting, the Government approved the Decision no. 70/2018 on the dual education technical professional training. The results for 2017-2018 years is a number of 49 enterprises involved in the programme with over 860 students enrolled in the dual education process.

Moldova joined the Creative Europe Network (CEN) in 2015. The cultural organisations from Moldova are eligible to apply for the Training, Festivals, Film Education and Market Access activities within the Creative Europe network.

Since 2014 there is a Culture Promotion Strategy and Action Plan approved by the Government. The involvement of civil society organisations in the implementation of the Action Plan is via calls for proposals. Civil society is involved also in the decision-making process via the general public consultations mechanisms available in the country.

As of middle of 2018, Moldova had moderate participation in the Marie Skłodowska-Curie actions (MSCA). A total of 26 Moldovan researches were funded by the MSCA. A budget of 1,17 mln. EUR was awarded to 8 Moldovan research organisations.

Priorities:

1. Measurement of progress in the adaptation and internationalization of higher educational institutions in Moldova is necessary, including the improvement of the standing of Moldovan Universities in international scores.
2. The impact of the reforms and the vocational education and training for the beneficiary graduates, including their employability performances and further presence in the country must be assessed in the upcoming remaining period to assess the added value of the VET actions.
3. Action is necessary to promote cooperation among the Moldovan, other EaP countries eligible under the programmes of the CEN to boost up participation in calls for proposals and implementation of the projects.
4. More emphasis must be on a more active participation of the Moldovan researchers and research institutions in the application process, award and implementation of research projects under the MSCA.



V. MOBILITY AND PEOPLE-TO-PEOPLE CONTACTS

19 Eastern Partnership European School



Overall assessment: **Completed**

On September 2018, the official opening ceremony of the Eastern Partnership European School was held in Tbilisi (Georgia), and is hosted by the New School (International School of Georgia). 30 young people (16-17 years) from six EaP Countries, including from Moldova have been enrolled in the first academic year 2018-2019.

The graduates of the EaP School will receive an International Baccalaureate Diploma in European Studies. The Call of Applications for the next 2019-2021 academic year has been already open. The Deadline for the application is 15 February 2019.

Priorities:

1. Conduct a visibility and communication in Moldova in order to inform Moldovan youth and Schools about the recruiting process of new candidate to study in EaP European School;
2. Establish partnerships between Moldovan think-tanks, CSOs and Schools with the EaP European School from Tbilisi, in order to organise short-term courses and Summer Schools for the youth from all EaP Countries.



V. MOBILITY AND PEOPLE-TO-PEOPLE CONTACTS

20 Research and innovation



Overall assessment: **On track**

Moldova was the first EaP country to become a full associated member of the **EU Programme Horizon 2020**, through which the EU supports research and innovation in view of fostering integration into the European Research Area. In 2018, Moldovan organisations participated in **48 Horizon 2020 projects** with a total EU contribution of EUR 4,79 million.

In 2018 the **Road Map for the Integration of the Republic of Moldova into the European Research Area for the years 2019-2021** and its Action Plan has been adopted by the Government (November 2018) and pending publication. The roadmap was developed with the assistance of EU TAIEX experts. The Roadmap will also help Moldova to better access and benefit from the new **EU FP9 Research and Innovation Program (2021-2027)** proposed by the European Commission in 2018.

In addition, aiming to enhance national coordination and implementation mechanisms in the area of research and innovation, in 2018 the Government created the **National Agency for Research and Innovation (NARI)**. NARI facilitates the participation of Moldovan organisations in EU programs and networks, such as **EaP Plus, EaPTC, Interreg and Erasmus**. Moldovan researchers and innovators also can access other European networks and initiatives, such as **EURAXESS, COST, Enterprise Europe Network, EUREKA**.

In 2018, **Moldova's National Research and Education Network (RENAM)** is connected to the GEANT Connectivity map. This will allow Moldovan researcher to access the European research and innovation networks. With the support of the **EaPConnect** in 2018 a dedicated optical connection between the Romanian (GEANT node in Bucharest), Moldovan (RENAM), Ukrainian (URAN) and Polish (GEANT node in Poznan) research networks. In October 2018, Moldova hosted the **3rd EaP E-infrastructure Conference EaPEC 2018** which provided new opportunities for Moldovan researchers and academia to strengthen cooperation with their fellow peers from the EU and EaP countries.

Priorities:

1. Implement the Road Map for the Integration of the Republic of Moldova into the European Research Area for the years 2019-2021;
2. To ensure a more active participation of Moldovan researchers, academia and non-governmental organisations (think-tanks) in the Horizon 2020 and other EU Programmes in the area of research and innovations.



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