

**PROGRESS REPORT**  
**on the implementation of EU-Moldova Association Agreement**  
**01.09.2014-01.09.2015**

**POLITICAL DIALOGUE AND REFORM, COOPERATION IN THE FIELD OF FOREIGN AND SECURITY POLICY**

In the reference period EU-Moldova political dialogue has been further enhanced, in particular was established and started to function the institutional set up as provided by the Association Agreement (AA). In March 2015 the first meeting of the Association Council, as well as the Association Committee on trade-related matters took place. The first meetings of the subcommittees for Economic dialogue, cooperation in the field of Justice, Freedom and Security, as well as those established under DCFTA took place in the first half of 2015.

The meetings of the informal group “Friends of Moldova” with the participation of the European foreign ministers have been held twice. Moreover, the Republic of Moldova (hereinafter referred to as Moldova) attended the Eastern Partnership Summit in Riga, which crowned its active participation in the EaP Platforms, Panels and Flagship initiatives.

The 1<sup>st</sup> year of implementing the Association Agreement coincided with two electoral campaigns: parliamentary elections (November 2014) and local elections (June 2015). As targeted by the EU-Moldova Association Agenda’s objectives both elections were organized in a transparent, democratic and fair manner, a positive evaluation being given by international and European observers, and the OSCE monitoring mission.

National public authorities maintained an active cooperation with EU in the field of Common Foreign and Security Policy and Common Security and Defence Policy by participating in meetings, consultations, educational events and initiatives organized within Eastern Partnership framework. Moldova aligned with the majority of CFSP declarations.

Overall, responsible institutions implemented the commitments planned under this Title for June 2014 – August 201, the most relevant of which are:

- adoption of the Law on financing of political parties and electoral campaigns foresees the establishment of sources and conditions, reporting arrangements, supervision mechanism and penalties applied in the field related to political parties and electoral campaign funding.
- Central Electoral Commission adjusted its internal legal framework to the new legislative amendments by adopting the Regulation on electoral campaign financing, Regulation on the election advertising rules and Regulation on the reflecting of the electoral campaign at the local elections from 14 June 2015. The draft Regulation on political parties funding has been developed in line with GRECO recommendations and is planned to be endorsed in the 3<sup>rd</sup> trimester of 2015.
- adoption of the Law on the disciplinary liability of judges foresees the creation of an efficient and transparent mechanism to examine serious misconduct of the judges from all judicial instances.
- adoption of the Law on mediation is aimed to improve the access to justice, to reduce the time necessary to settle the dispute and to increase the level of trust in judiciary.
- approval in the first reading of the draft Law on public prosecution which brings a new approach on the organization and functioning of the Prosecution Office, i.e. structure, administration, statute of the prosecutor, role of the administration.
- adoption of the Regulation on the organization and functioning of the Ombudsman Office
- approval of the National Strategy on protection and promotion of children's rights for the years 2014-2020;
- with a view to properly implement new legal provisions on procedural rights of the children, public servants were trained and informative campaigns were held;

- ensuring better protection for people with disabilities (medical care, access to education, accessibility to the public areas, adjustment of electoral legal framework, acquiring new rights).
- adoption of the legal amendments regarding the procedural rights of minors regardless of their legal standing (victim, witness or defendant) using child-friendly interrogation techniques. Police Departments, Prosecutors' Offices and Courts were properly equipped;
- extension of the list of beneficiaries of state-guaranteed legal assistance for civil cases;
- limiting the immunity and extending the circle of crimes that do not need the approval of the SCM (the Superior Council of Magistrates) to initiate the criminal prosecution against judges;
- secondment of the military expert from the National Army to the European Union Military Advisory Mission in the Central African Republic (EUMAM RCA), secondment of the human rights expert to the EU Training Mission in Mali (EUTM Mali) as well as detachment of the military contingent to the KFOR Mission;
- launching based on EU Council's decision negotiations on the Agreement regarding the security procedures for exchange of classified information. This agreement foresees the exchange of classified information/documents in electronic format between EU (except documents marked as "top secret") and Moldova;
- adoption of the Regulation on the regime of weapons and ammunition for civil purposes;
- access to the iARMS portal has been ensured for the relevant authorities within the Ministry of Internal Affairs.

#### **Unrealized actions**

- adoption of the Law on amending the Constitution of Moldova in part related to the composition and selection criteria of judges at the Constitutional Court. In context, the draft Law is being developed.;
- elaboration of the draft Law on amending the Constitution of Moldova in part related to the initial term of appointment and selection of judges at the Supreme Court of Justice as well as to clarify the role of the Superior Council of Magistrates in the process of self-administration of the judicial system, its composition and powers. The draft Law in this respect has been developed and will be sent soon for the inter-institutional coordination;
- revision of the Constitutional legal framework in part related to the appointment and dismissal of the Prosecutor General;
- approval of the Government's Decision on the transfer of judicial police under the authority of the Ministry of Justice. The draft Decision foresees the creation of the judicial police having an administrative authority statute within the Ministry of Justice and liquidation of the judicial police of the General Police Inspectorate. It also envisages the increase of the staff to 294 personnel. The draft Decision is currently being repeatedly assessed by the competent authorities;
- adoption of the legislative package aimed at reforming the National Integrity Commission. In the framework of the Government's meeting on 16 June 2015, the legislative package has not been approved;

#### Priorities:

- negotiation and signing of the EU-Moldova Agreement on security procedures for the exchange of classified information;
- adoption and implementation of the Law on Prosecution in line with the recommendations of the Venice Commission;
- adoption of the Law on participation of the Republic of Moldova in the international missions. The draft Law will be sent shortly to the Government for approval;
- adoption of the Law on international sanctions. The draft Law has been sent to the Parliament;
- ensuring the implementation of the internal reform of National Institution for Human Rights Protection, according to the Ombudsman Law. In the framework of the parliamentary meeting from the 31<sup>st</sup> of July 2015 the Law on adjusting the current legislation to the Law nr. 52 from 03.04.2014 on Ombudsman was adopted. At the same time, the Parliament shall

appoint the Ombudsman for children and the Government shall ensure the Ombudsman Office with the premises;

- ratification of the Protocol no. 12 to the European Convention on Human Rights (ECHR) on the prohibition of discrimination;
- extension of the implementation period of the National Human Rights Action Plan (NHRAP) 2011-2014. The CoE and UN experts will provide an evaluation report on NHRAP 1 and 2. The document will be consulted with the civil society. NHRAP 3 will be drafted based on conclusions and recommendations of the Universal Periodic Review;
- approval of the National Security Strategy and the continuation of the Supreme Security Council reform;
- implementation of the Security and Information Service reform;
- adoption of the Law for republishing Law no. 345-XV of July 25 2003 concerning national defense;
- creation and making operational the National center for crisis and public order management.

## **FREEDOM, SECURITY AND JUSTICE**

Most of the actions from this Title should be implemented continuously. Implementation of the majority of the actions has already started.

Public authorities have ensured a positive dynamic with the view of preventing corruption and strengthening institutional capacity in this respect. Operation of anti-corruption hot lines within the state institutions was ensured. At the same time, visible progress was achieved in the field of border management and promotion of migration policies.

During the reporting period, responsible institutions have continued the implementation of reforms in the field of combating trafficking in human beings, money laundering, terrorism, personal data protection and illicit trafficking in drugs, an efficient inter-institutional collaboration being ensured at national and international levels. The Government decision on the list of prohibited drugs is continuously updated. In June this year, the respective decision has been supplemented with 26 new narcotic substances.

In October 2014, in Chisinau, the national specialized institutions held bilateral consultations and exchange of good practices with the representatives from the European Monitoring Centre for Drugs and Drug Addiction mainly focused on the monitoring mechanism of the drug consumption, treatment programmes, risk reduction and social reintegration of the drug addicted persons.

In September 2014, under the auspices of the EUBAM Mission in the Republic of Moldova and Ukraine, an international operation “Olivia” on tackling illicit drug trafficking took place.

With the financial support of the United Nations Office on Drugs and Crime (UNODC), the Ministry of Interior has received specialized equipment and modern software aimed to optimize the fight against illegal trafficking of narcotic substances.

In the field of justice and security, some multiple information campaigns have been deployed in order to raise awareness about new legislative amendments, while the staff responsible for applying the law has been properly trained.

At the same time, the national authorities have continued an effective cooperation with civil society and international partners.

The most notable achievements are:

- signing and ratification of the Agreement on Operational and Strategic Cooperation between the Republic of Moldova and EUROPOL, through which the direct and secure exchange of data between Moldova and the 28 European Union member states is ensured. The agreement

directly contributes to increasing the efficiency of procedures to investigate and request information in case of emergency;

- conclusion of the Memorandum of Understanding with Europol on security and confidentiality of information and launching of the secure data transmission system - SIENA, contributing to the operative exchange of information in the investigation of cross-border crime, providing analytical and organizational support according to the needs of law enforcement agencies of the member States;
- signing and ratification by Parliament of the Cooperation Agreement with Eurojust
- approval of the National Strategy on Integrated Border Management for 2015 – 2017;
- approval of the National Action Plan on Drugs for the years 2014-2016;
- tightening sanctions (triple fine increase) for acts of corruption involving public sector officials and extension of information technologies in the judicial processes (i.e. random distribution of cases, providing audio recording of all hearings etc.);
- development of a new concept of one stop shop for foreigners' documentation and launch the one stop shop activity after renovation in Chisinau.
- approval of the Methodology for risk analysis and data collection in the field of migration and asylum;
- approval of the Instructions on organization and carrying out of the measures necessary to combat illegal stay of foreigners on the Republic of Moldova's territory;
- Publication of the Analytical report of the Extended Migration Profile of the Republic of Moldova for 2008 – 2013;
- updating MD – EU Mobility Partnership scoreboard for 2008 – 2013 and publication of editions 10 and 11 of the MD – EU Mobility Partnership newsletter;
- active participation in discussions/negotiations at a global level for the approval of UN Post – 2015 Development Agenda, as well as in the works of Global Forum on Migration and Development during Turkey's GFMD presidency;
- strengthening dialogue with the European Asylum Support Office (EASO).

#### *Unrealised actions*

- Completion of Law No. 133 of 8 July 2011 on the protection of personal data.
- Adjustments to review legislative powers and institutional capacities of the National Center for Personal Data Protection.

#### *Priorities*

- Amending the Law on integrity testing following the Constitutional Court's decision of 15 April 2015. The Law to that effect is to be finalized and submitted shortly to institutions for endorsement. The amendments modify the techniques/test procedure (excluding virtual challenges and situations) and introduces judicial review;
- Adoption of Police Reform Strategy 2016-2020 provides quality service, increasing capacity to prevent and combat organized and cross-border crime, ensuring an effective integrated management of human resources, including the creation of a joint training center for law enforcement officials;
- Further reform of the carabinieri department. The reform aims to increase carabineer troops capacity building and optimizing the capacity of the CT to increase the quality of services rendered to citizens to ensure public order and security by reorganization and professionalization of the CTD;
- Amending the legal framework (Law no. 200 on the status of foreigners; Law no. 270 on the status of refugees). The Ministry of Internal Affairs, through the draft law for amending Law no. 200 of 16 July 2010 on the status of foreigners in the Republic of Moldova, aims at approximating its provisions to the Directive 2008/115/EC of the European Parliament and of the Council of 16 December 2008 on common standards and procedures in Member States for returning illegally staying third-country nationals, Directive 2003/86/EC of 22 September 2003 on the right to family reunification and Council Directive 2003/109/EC of 25 November 2003 concerning the status of third country nationals who are long-term residents. Law no. 270 will provide a solid framework for protection of the persons in need

of international protection and for adjustment of the national legislation to the European and international standards;

- Continued international cooperation in civil and criminal matters. In the context of the General Affairs and Policy of the Hague Conference on Private International Law, RM was recommended accession to the Hague Convention on the choice of court of 2005 and the Hague Convention of 1970 - on the taking of evidence abroad in civil or commercial matters;
- Ensuring that all conditionalities will be met, before the entry into force of the Agreement for cooperation with Eurojust. EU institution will undertake a study visit during which, the measures taken by national authorities to ensure practical implementation of the Agreement will be examined along with the agreement on logistical aspects of the procedure aimed at exchanging information. The need for such assessment missions fall under Article 27 of the Treaty, as part of the internal procedures of Eurojust, established for its entry into force.
- Continue to strengthen the capacity of the National Anti-Corruption Center and ensure the independence and efficiency of the activity of the institution.
- Investigating the cases of high-level corruption
- Policy development in order to seize goods and their management.

## ECONOMIC AND OTHER SECTORAL COOPERATION

### Public Administration Reform

The main task of the Government in this field is related to reforming the sector on the basis of a Comprehensive Strategy. This Comprehensive Strategy has to ensure the development of institutional and functional public authorities in order to improve their business, including by promoting an effective participative and transparent decision-making process. For this purpose in 2014 was drafted the *Roadmap for the Public Administration Reform*. The Roadmap together with the guidelines and methodologies aimed at improving the work of public authorities, especially in terms of service delivery have to be adopted by the end of 2015.

Among the projects that already underwent the inter-institutional consultation procedures are:

- Government Decision on Rules of Procedure of the Government;
- Methodological Guide on Ex-ante Policy Impact Analysis and Reengineering Methodology on Public Services, which are at the pilot stage in relevant institutions and will be subsequently adjusted and approved depending on the results of piloting;
- The law on public services;
- draft of the universal methodology for setting tariffs for public services provided for a fee;

At the same time a remarkable progress has been achieved in the field of **modernization of services**, especially by launching of the [www.servicii.gov.md](http://www.servicii.gov.md) portal, the 2nd version of which is under preparation and will be functional since the third quarter of 2015. Among the sectoral e-services launched in the last year should be mentioned the e-visa, tax services, including e-invoice and cadastral ([www.evisa.gov.md](http://www.evisa.gov.md); [www.servicii.fisc.md](http://www.servicii.fisc.md); <https://servicii.fisc.md/efactura.aspx>; [www.cadastre.md](http://www.cadastre.md)). By the end of this year Mlog and Mnotify government services will be launched. 19 central public authorities have migrated informational systems to the common technology platform MCloud. <http://mcloud.gov.md/>.

Digitization of archive on civil status (Soviet period) was completed before the implementation schedule: 4.8 mln acts (4 mln acts initially set and 800 thousand supplementary acts) have been already digitized (scanned and metadata assigned).

The report on public function and civil servant status for 2014 contains extensive information about the situation in the public service in the country and can be accessed at: <http://cancelaria.gov.md/lib.php?l=ro&idc=333&>.

The Government portal [www.cariere.gov.md](http://www.cariere.gov.md) is functional: public authorities publish announcements regarding the public functions, and for example in 2015, 603 announcements have been published.

In the field of strengthening the capacities of local public authorities, the actions are developed according to the terms agreed in the Action Plan regarding the implementation of National Decentralization Strategy for the years 2012-2015 <http://descentralizare.gov.md>.

A legal framework was completed by Government Decision no. 549 of 09/07/2014, on amending and supplementing the municipal enterprise model.

The decentralization sectoral strategies have been elaborated by the Ministry of Education, the Ministry of Labour, Social Protection and Family, the Ministry of Finance and the Ministry of Economy.

The Law on public property is in the process of drafting. This Law will govern the juridical regime applicable to public property, the competences of central and local public administration in the process of delimitation of public property taking into consideration the national public interests as well as the public interests of local communities, their interaction and correlation.

A legislative package on review of the current judicial and institutional system of delegation of powers among the local public authorities in accordance with the principles and criteria established in the Decentralization Strategy has been drafted.

Priorities:

- finalization and approval of the regulatory framework in the field, particularly the Roadmap for the reform of public administration and related methodologies;
- the expertise on the legal framework to finalize the process of separation of the powers between the central administration and local public administration by the mechanisms of decentralization and de-concentration of public services;
- consolidating the capacity building of attracting financial resources for the development, implementation, monitoring and evaluation of the general urban plans and the local development strategies.

## **Economic dialogue**

The RM-EU economic dialogue was very intense, both within institutionalized cooperation formats such as the Association Council (16.03.2015) and the Association Committee in Trade configuration (05.03.2015), and also through various programs training and field visits. In order to strengthen the capacities of National Bank, including in the field of banking supervision, during the first semester, 2015, the representatives of the National Bank of Moldova carried out 2 study visits TAIEX to EU homologous institutions. In June, 2015 was launched the Twinning project with the central banks in the Netherlands and Romania in the field of banking regulation and supervision.

At the time, despite the progress made, including adoption on the 25.07.2014 of the Law on public finances and budgetary - fiscal responsibility or amending the Law on financial institutions, they are not considered sufficient by the EU. The development of the RM banking sector and financial stability continues to be a major concern for Brussels.

The RM – EU ordinary meeting of experts in the field took place on July 23-24, 2015, Chisinau, within the cluster I of the subcommittee on economic and other sectoral cooperation, set up under the Association Agreement.

## **Company Law, Accounting and Auditing and Corporate Governance**

Many results have been achieved in adjusting the national legislation to EU requirements, in particular the important changes and additions to the Law on Joint Stock Companies (Law no. 106 of 28.05.2015) by transposing the provisions of EU Directive<sup>1</sup> to safeguards measures imposed to the companies.

Priorities:

- approval by the Board of Directors of the National Commission for Financial Markets of the Corporate Governance Code. Subsequently in the case of transposition of those provisions, the NBM will coordinate and implement its regulations according to new requirements in this regard;
- approval by the Board of Directors of the NBM of the Regulations on internal control systems in banks;
- finalization of the drafts that will implement: Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings into the national legislation in the field of accounting in the corporate sector; Directive 2006/43/ on statutory audits of annual accounts and consolidated accounts into the national legislation in the field of auditing of the corporate sector;

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<sup>1</sup> Second Council **Directive 77/91/EEC** of 13 December 1976 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent, as amended by Directives 92/101/EEC, 2006/68/EC and 2009/109/EC

- Drafting and approving the law for modification and completion of the legislative acts, for harmonizing the national legislation to the Directive 2009/101/EEC on coordination of safeguards which, for the protection of the interests of members and third parties, are required by Member States of companies within the meaning of the second paragraph of Article 48 of the Treaty, with a view to making such safeguards equivalent;
- Development of the action plan for the joining the European Business Register;
- Drafting and approving the law for the modification and completion of the Law N. 220 from 19 October 2007 regarding the state registration of the legal entities and the individual entrepreneurs, for harmonization to the Directive 89/666/EEC from 21 December 1989.

## **Employment, Social Policy and Equal Opportunities**

Strategic approach to employment is ensured by implementing the National Strategy on the employment policies of the workforce 2007-2015. In this regard, on the date of 04.06.2015 by the Government Decision no. 335 was approved the National Action Plan for Employment for the year 2015.

An important progress is considered the signature of Bilateral Agreements with the EU Member States and candidate states in the field of social security. At the same time are to be mentioned the negotiations with the Greece, Italy and Turkey, as well as the signing of similar agreements with Lithuania and Belgium. Discussions on the completion of the agreement between the Government of the French Republic and the Government of the Republic of Moldova on young specialists' mobility have been initiated.

In order to increase its capacities, the National Agency in the field of career guidance and counselling is implementing the "Re-conceptualization the vocational and career guidance" project with the support of the Centre for Entrepreneurship Education and Business Support in Austria.

The draft project of the Concept of informing and consulting offices in the field of migration and reintegration of the territorial agencies for employment is ready for approval. With the support of the NEXUS such kind of offices are piloted through the activities of the Service Centres in Chisinau, Cahul, Edinet and Ungheni. Thus, around 1,800 requests were registered, processed and documented; local agencies have registered and counselled more than 2,000 applicants, including on-line.

Was started the assessment exercise to the level of transposition of the concluding observations of the United Nations Committee on the Elimination of Discrimination against Women (CEDAW), based on the requests submitted to the Government of the Republic of Moldova due to support of the Periodic Report four to five combined in October 1, 2013 Geneva, Switzerland. The information concerned will be included in the national periodic report of the *Convention on the Elimination of All Forms of Discrimination against Women, 2015*.

During the reporting period took place the tripartite consultations (with the participation of trade unions, employers and Government) on the following topics: 1. finalization of the draft Collective Convention (national level) for approval of amendments and completions operated in the Collective Convention (national level) no. 2 of 9 July, 2004 - "Working time and rest time ". 2. Examination of the draft Law on the *settlement of labour dispute through mediation and arbitration*. 3. Examination the need for amendments to the Law on state control over business activity no.131 of 8 June, 2012 to the State Inspectorate of Labour exemption from its scope.

In consultation with trade unions and employers was developed the draft Law on amending and supplementing the Labour Code of the Republic of Moldova with transposing Council Directive 91/533/EEC of 14 October 1991 on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship and Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP. The project was approved by the Government on 10.06.2015.

Priorities:

- ensuring the adoption within the time of the amendments to the Labour Code;
- launching discussions and elaboration of the New Strategy for employment for the next years beginning with 2016, taking into account the EU best practices in this field;
- advancing the dialogue with partners from the EU Member States to extend the legal framework of social protection of Moldovan citizens

## **Consumer protection**

The dialogue with the EU in this area was marked by the visit of the European Commissioner for Health and Consumer Protection Tonio Borg in July, 2014 in Chisinau.

At the same time, during the reporting period, has been advanced the harmonization of national legislation in the field, a particular success being the transposition of the Directive aimed at the conclusion of distance contracts and consumer financial services through the Law no. 157 of July 18, 2014.

Additionally, by the Government Decision no. 895 of October 27, 2014 has been modified the Regulation on the activity of the National Consumer Protection Agency, with the extension and specification of its competences, including in relation to the petitioners.

In order to improve state control and supervision of entrepreneurial activity and to increase the public benefit by maximizing the yield of authorities with authorities responsible for control when carrying out controls under the legislation in force, were approved 5 control activity planning sectoral methodologies for the next supervisory bodies responsible for market surveillance: the Consumer Protection Agency, the State Inspectorate for Technical Supervision of Industrial Dangerous Objects, the State Energy Inspectorate, the State Construction Inspection, the State Ecological Inspectorate and the Ministry of Information Technology and Communications.

At the same time, the Framework Law on market surveillance, which will implement the Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products, after approval by the Government on 26.06.14 and its registration in Parliament under no. 250 on 27.06.2014, was returned after the establishment of the new Parliament, according to the respective procedures. In the first half of this year, the draft was revised, consulted with relevant institutions and submitted to Government for approval.

To increase the level of information and consumer education, during the reporting period, were carried out a series of activities, including over 200 advisory visits to various localities, commercial units, markets and educational institutions; 1906 consultations were awarded through direct telephone line; 1224 complaints were resolved; was provided legal assistance to consumers, with 439 participations in court. In order to ensure the conformity, safety and respect for the metrology norms of products/services placed on the market they were carried out 1994 unannounced and planned controls.

The work of regulatory authorities on the completion of legal and regulatory framework on safety requirements continued through the drafting of new technical regulations and improving those in force and other normative acts needed.

The consolidation of the institutional capacity for applying the market surveillance was ensured including, by training public servants in charge, with a special focus on food safety and public health.

### Priorities:

- promoting the adoption of the Law amending and supplementing Law no. 422-XVI of December 22, 2006 on general safety of products (*the Project was reviewed and approved at the Government meeting on 03.06.2015*);
- promoting the adoption of the Law on consumer rights while concluding contracts (*the Project was reviewed and approved at the Government meeting on 16.06.2015*);
- promoting the adoption of the Law amending and supplementing the Civil Code. (*the Project was reviewed and approved at the Government meeting on 16.06.2015*);
- promoting the adoption of the draft Law on market surveillance;
- approving the draft Law on liability and insurance requirements for air operators for damages in connection with civil air operations;
- approval of the Government Decision on amendment of the Government Decision no.1034 of October 16, 2000 "On approval of the National Programme on Air Transport Facilitation".

## **Statistics**

An intense dialogue with EU partners is ongoing, particularly with Eurostat office and the statistical offices of EU Member States to implement quality indicators in the national statistics system.

In accordance with the recommendations included in the Association Agenda, a continuous work is performed in reanimating the Statistical Council by including its activities in the decision making process.

In respect of the strengthening the institutional framework, should be mentioned the draft Law on introducing amendments and additions to the Law on official statistics, including aspects of professional independence of the Director General of the National Bureau of Statistics in accordance with the fundamental principles of official statistics as well as the *European Statistics Code of Practice*.

A list of measures have been realised in order to align the statistical system with EU practices:

- statistics on occupational accidents have been evaluated by National Bureau of Statistics, compared to European standards (evaluation concepts definitions, and methods of data collection);
- the capacities of the State Labour Inspectorate have been developed in the production of statistics on occupational accidents according to European standards;
- starting with 1<sup>st</sup> of January 2015 monthly data on energy are being collected and processed. Data are available on the official website of the NBS;
- jointly with experts from FAO a draft of the register of agricultural producers based on data RGA - 2011 was elaborated;
- the calculation of the FISIM was done in accordance with the methodology of SNA-2008 for 2014 and the first quarter of 2015;

At the same time, regarding the implementation of the sixth edition of the methodology of elaboration of the international macroeconomic accounts, the National Bank of Moldova: 1. Updated data sources; 2. The sub-account "International services" has conducted a series of methodological embodiments (clarification related commercial services, premiums and bonuses); 3. In the article of Reserve assets was elaborated the sectorisation of securities by maturity for 2012 - tr. 1, 2015 quarterly; 4. In the article of Direct investment - liabilities for social capital indicators and debt instruments was elaborated quarterly statistics on the basis of the balance sheet value; 5. Was modified the methodology of elaboration of the transfer statistics to individuals through the banks from Moldova on a net basis and was elaborated the statistics for gross base for the period 2014 - May 2015, monthly.

The calculation methodology of the agricultural, forestry, hunting and fishing production account in accordance with the European System of Economic Accounts for Agriculture and Forestry (was

elaborated the first part of "The calculation of agricultural output in current and comparable prices" in accordance with the EAA)is in the process of elaboration.

Additionally, should be mentioned the importance of the Population and Housing Census (2014) carried on in accordance with the recommendations of Conference of European Statisticians for the 2010 round of population and housing censuses.

Priorities:

- reanimation of the Statistical Council;
- approval of amendments to the Law on official statistics;
- completing the process of population census 2014;
- approval by the Government of the Regulation on statistical reports related to the carriage of passengers, freight and mail;
- the conclusion of cooperation agreement between the NBM and NBS until the end of 2015;
- ensuring the calculations of the "Harmonised Index of Consumer Prices" (HICP) according to the EU standards.

**Management of public finances: budget policy, internal control, financial inspection and external audit**

***Budget policy***

In order to comply with the international standards and good experience of EU MS in the sector, a new Law (no. 181) on public finance and fiscal responsibility was adopted on July 25, 2014 that brings national legislation in line with EU and international principles of transparency, accountability, economy, efficiency and effectiveness.

In order to implement the above stipulated law the new budgetary classification aligned with COFOG and GFS 2001, was approved through Ministerial Order of the Minister of Finance no. 190 from 31.12.2014 and the methodological set for drafting, approval and modification of the budget, approved through Ministerial Order of the Minister of Finance no. 191 from 31.12.2014, applicable starting with budgetary planning for 2016-2018.

In accordance with the provisions of this Law, for the implementation of new rules, were approved:

- the methodological norms of the cash execution of the budgets of the national public budget through the treasury system of the Ministry of Finance by the Order of the Minister of Finance no. 65 of 15 May 2015;
- the plan of accounts in the budgetary system and methodological norms on accounting and financial reporting in the budgetary system by the Order of the Minister of Finance no. 66 of 15 May 2015.

Currently, testing is conducted for enforcement of the norms mentioned above in Financial Management Information System of the Ministry of Finance.

In the context of capacity development of central and local public authorities for the implementation of reforms in public finance sector, in the period of October 2014 - March 2015 the Ministry of Finance held several training cycles, focused on applying the new budget classification and new methodology of elaboration, approval and amendment of budget, elaborated in accordance with the Law on public finances and fiscal responsibility no. 181 of 25 July 2014 as well as the planning module of budget under the new Financial Management Information System (FMIS) to be applied starting with the budget planning cycle for the years 2016-2018. Thus, in October-December 2014 were trained about 114 people from 51 central public authorities. Later, in the period of 23 February to 6 March 2015, were trained 73 trainers from the finance department of the administrative-territorial units in the field of budget planning. Currently, the Ministry of Finance supports the central and local public authorities in the extensive training at central and local level (involving subordinate institutions) on the application of the new FMIS budget planning for the years 2016-2018.

The Law no. 267 from 1 November 2013 operated changes and updates to the Law no. 397-XV from 16 October 2003 regarding the local public finances and the Fiscal Code no. 1163-XIII from 24 April 1997. This law introduced a new system for drafting the local budgets, applicable in all administrative-territorial units starting with 1 January 2015. So, the particularities of the new system are:

- there are no more financial subordination relations between the local public authorities of first level and those of second level;
- there is predictability of strategic planning, transparency and stability;
- the local public authorities are interested in the development of the local fiscal basis, through a more efficient collecting of taxes and local fees;
- the local public authorities can allocate the expenses according to their local priorities.

Since 01.05.2015, through the draft law on amending and supplementing certain acts pertaining to the realization of tax, customs and budget policy for the year 2015 and improving tax, customs and budget laws, approved by the Government Decision no. 155 of 08.04. 2015 on the liability of government policy extended the assessment of the tax for advertising devices with panels for advertising, publicity and other information for operators using them for its own purposes in the place where they carry out their business activities (including company name) or any other place.

### **Internal control, financial inspection and external audit**

The regulation framework for the activity of the financial services was approved by Government Decision no. 433 from 15 July 2015. At the level of central public authorities were created 23 internal audit subdivisions (37 internal auditors are activated within this subdivisions), of which 4 internal audit divisions are not functional. 21 LPA of the level II have internal audit unit (23 internal auditors are activated within this units), of which 8 are subdivisions are not functional.

In order to create awareness of the need for internal audit units within the local public authorities of the level II were organised seminars on managerial accountability and public internal financial control, attended by presidents/vice presidents, deputies/vice deputies of the LPA of level II.

In the field of internal audit were conducted four training sessions (total - 2216 man-hours). In the area of financial management and control (FMC) were conducted two training seminars (in total - 1 368 man-hours).

#### Priorities:

Implementation of the recommendations of the European Commission, following assessment mission in March 2015, in particular:

- closer cooperation and effective coordination of the internal control reforms, possibly by a special meeting conducted by the Government that will be dedicated to PIFC reform that is considered as an effective tool in the promotion and implementation of reforms, raising awareness of state institutions management components and principles of internal control;
- improving the internal control and accountability by increasing awareness at management level of internal control environment, risk management, control of activities and internal audit;
- to establish a clear connection between activities related to PIFC reform and the public administration to enable effective delegation results-oriented management responsibility;
- to discuss with the Parliament the proposal to establish a sub-committee on external audit work in the Parliamentary commission for economy, budget and finance;

### **Taxation**

The objectives of the fiscal policy for 2015 were met through the approval of a package of amendments to laws regarding the fiscal policy, customs and the budget for 2015 for which the Government assumed responsibility (Government Decision Nr. 155 of 08.04.2015). The amendments were set to ensure a more fair, sustainable and transparent fiscal policy, optimization

of the fiscal burden, streamlining tax administration, facilitation of legal transactions/trade, improvement and overall simplification of the national tax system.

Moreover, one of the outcomes of this law is that it will ensure continued harmonisation of the rate of the excise duty for filter cigarettes from „75 MDL/1000 cigarettes + 24%” to „200 MDL/1000 cigarettes + 18%”.

In February 2015 was launched the process of revising the tax legislation in order to streamline tax administration procedures, especially with a view to eliminate barriers to an effective collection of taxes and duties. In May the summary of all the amendments to the Fiscal Code was sent to the Ministry of Finance for consideration.

Bilateral cooperation focused on developing transparency and exchange of information between fiscal authorities is ensured under the OECD Convention on mutual administrative assistance in fiscal matters and according to bilateral agreements on double taxation. At the same time, the fiscal authorities prepared a draft agreement for cooperation with EU Member States regarding the exchange of information on the revenues of resident and non-resident taxpayers. The Agreement on mutual administrative assistance regarding the exchange of tax information with the Lithuanian Tax Administration is currently passing the final procedures before being approved in the Government.

The Ministry of Finance, together with the National Office of Social Insurance and the National Health Insurance Company, held extended consultations on the ways to improve payments to the national budget, especially in what concerns the implementation of the single payments account. Moreover, with the help of the Center for E-Government, were analysed the possibilities of using the MPay system for the implementation of the single tax payments account.

The Methodology for the estimation of the tax gap was approved by the Order Nr. 1720 of 04.12.2014 of the State Tax Service of the Republic of Moldova.

#### Priorities:

- Launching the process of approximation of the national legislation to:
  - Directive 2006/112/EC of 28.11.2006 on the common system of value added tax;
  - Directive 2007/74/EC of 20.12.2007 on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries;
  - Directive 2008/118/EC of 16.12.2008 on the general arrangements for excise duty;
  - Directive 92/83/EEC of 19.10.1992 on the harmonization of structures of excise duties on alcohol and alcoholic beverages;
  - Thirteenth Directive 86/560/EEC of 17.11.1986 on the approximation of the laws of the Member States relating to turnover taxes;
- Improving the mechanisms and software tools in order to detect tax fraud in timely manner and plan checks based on risk analysis.
- Capacity building of the State Tax Service, including completing laws for the investment of the State Tax Service with powers of investigation and prosecution.

#### **Industrial and entrepreneurial policy**

The 2015 – 2017 Action Plan for the Implementation of the “Small and Medium Enterprise Sector Development Strategy 2012 - 2020” was adopted through Government Decision No 397 of 16.06.2015. The implementation of this plan will fasten the modification and approval of laws and regulations related to the SME sector.

The results and recommendations of the study „Small Business Act in Moldova” was presented by OECD experts during a country level stakeholders’ meeting organized with the support of OECD and the European Training Foundation (ETF). Moreover, due to this meeting new partnerships were created in order to implement the recommendations and draft legislative proposals for amending national legislation in line with SBA principles.

The Competition Council adopted the Methodology on the assessment of competitiveness in order to implement the Roadmap for improving competitiveness in Moldova.

The main achievement for this period was the signature on 29 September 2014 of the participation agreement to the EU Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprise 2014 – 2020 (COSME). Subsequently, in order to promote technology transfer projects an „Application Guide for the COSME Programme 2015” was developed.

In order to support the development of innovation infrastructure, was approved the financing for four projects, three of them including the set up of specialized laboratories.

Assistance was given to companies participating in the competition for projects on innovation and technology transfer held within the "Horizon 2020".

Additionally, consultancy is provided for the innovative start-ups and spin-off businesses. In this sense, in 2015, 12 start-ups that have applied for innovation and technology transfer projects benefited from assistance in drafting feasibility studies; 20 start-ups were assisted to develop projects of innovation vouchers.

In order to develop the normative framework for involvement of the national clusters in the European networks, the Ministry of Economy develops the project of the Common Strategy and the Sustainable development Plan of the clusters in the SEE zone (South-East Europe), the participation of the Republic of Moldova being supported by the project „ClusterPoliSEE”.

The strategy for improving the competitiveness for the IT industry for 2015-2021, was approved by Government Decision Nr. 254 from 14.05.2015. The key priorities of this strategy are: increasing the number of people employed in the IT industry till 18 000 as 2021 year; increasing till 2021 of the number of the IT active companies till 600 and the business turnover until 260 million USD; enlarging the export markets of the IT products and services from the Republic of Moldova to Northern America and European Union, as well to attract the multinational IT companies in our country. In order to achieve these results, the Law concerning the IT sector and the virtual parks was adopted by the Parliament in the first reading on the 31.07.2015.

The general objective of this Law is the implementation of the innovative taxing model for the residents of the IT parks, by applying a unique tax of 7 % on the volume of sales. As well, there is the proposal to relief the residents of the IT sectors of the VAT and the customs duties on the import of equipment needed for developing the IT activity.

Priorities:

- drafting and implementing support programs for the increase and internationalization of the SME;
- drafting and implementing credit guarantee schemes: Now are prepared the amendments for the collaboration agreement with partner banks. This will allow more efficient procedures to safeguard and improve the cooperation with banks. (ODIMM, in cooperation with the Project Implementation of the World Bank initiated the contracting of an IT company to develop Management Information System FGC. The new software allows optimization of application and processing guarantees of storing information on the guarantee portfolio, reporting and improve collaboration with partner banks);
- drafting the law for the modification and completing the Science and Innovation Code.
- drafting the new version of the law concerning the scientific-technological parks and innovation incubators;
- introducing the changes in the legislation for the notions of clusters and cluster development;
- Drafting the completion and adoption of the law on financing venture (risk) for the innovative activity. Creating and strengthening SME Advisory Council, in accordance with the timetable established in the action plan on implementation of the Strategy of

development of small and medium enterprises sector for 2012-2020 (approved by Government Decision no. 397 of 16. 06.2015) .

## **Agriculture and Rural Development**

The National Strategy for Agriculture and Rural Development for 2014-2020 was adopted by Government Decision No 409 of 4 June 2014, after consultations with the European partners. Subsequently, an Action Plan for the implementation of the strategy was designed and sent to Government for approval in May 2015.

With regard to the implementation of sanitary and phytosanitary measures, are ongoing approval procedures the draft laws related to the following sectors: – wine, - protected geographical indications, denomination of origins and traditional specialties guaranteed; - ecological food production; - hops, fodder plant seed, maize, sorghum and potatoes seed marketing; - Classification system for labelling beef foal and beef products and foal; - classification of bovine, swine and mutton carcasses; - qualitative analysis and evaluation of milk and milk products.

Moreover, the Technical Regulation on the organization of the wine market was approved by Government Decision No 356 of 11 June 2015. The regulation lays down the registration procedures for economic operators that produce GI and PDO goods, the procedures regarding the approval of product specification for GI and PDO and the quality schemes of GI and PDO products.

During the reference period continued the implementation of the project „Competitive Agriculture” financed by the World Bank, especially in what concerns the Third Component „Enhancing land productivity through sustainable land management”. The project includes measures oriented towards improving land productivity by combining sustainable management of land use with the good practices in agriculture and environment.

Furthermore, continued the implementation of the project “Supporting Moldova’s National Climate Change Adaptation Planning Process”; in the framework of the project was conducted a study on the evaluation of the climatic vulnerability of key sectors of the national economy. The main result of the study was the development of concrete actions to be taken in order to adapt the economy, and in particular the agriculture sector, to climate change.

The Government approved the Regulation on the methods of allocation of the MDL 610 million subsidies fund for farmers in 2015 (GD No 352 of 10 June 2015). The approval and application of this Regulation will contribute to the implementation of priorities under the National Strategy for agriculture and rural development of the Republic of Moldova 2014 – 2020.

Additionally, over this period the Government signed several agreements on the financing of projects and external assistance programmes in view of facilitating the access to capital markets:

- Financial Agreement for the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) 2015 – 2017 with a total budget of EUR 64 million.
- Financing agreement between Moldova and the International Development Association in order to implement the project "Competitive Agriculture" (Credit no. 5639-MD) amounting to USD 12 million.

## **Fisheries and Maritime Policy**

Over the reporting period, actions were taken in order to strengthen cooperation with the neighbouring countries in the field of fisheries and maritime policy, consisting of organizing joint inspections on the both banks of Prut River and on the lake Costești-Stânca together with the Romanian relevant institutions – the National Agency for Fisheries and Aquaculture. Together with the Romanian side, were established the periods for the fishing ban with a duration of 60 consecutive days: from 11 April to 9 June 2015.

The draft law amending and supplementing the Law No 149-XVI of 8 June 2006 regarding the fisheries fund, fishing and fish farming is at the stage of approval and public consultation. In order to promote sustainable development in the fisheries sector, was initiated the procedure of amending and supplementing the Contravention Code, the amended law to include provisions on tougher penalties for poaching and illegal fishing.

The Fisheries Service within the Ministry of Environment is in charge of collecting the data regarding seizures, disembarkation and biological and economic data. All the information is registered in special Registers kept by the Service.

#### Priorities

- Finalise and promote the draft laws amending and supplementing the Contravention Code and the Law No 149-XVI of 8 June 2006 on fisheries fund, fishing and fish farming, as well as the Regulation on recreational and industrial-commercial fishing in industrial water basins.
- Draft and implement the national action plan on the development of the fisheries sector and conservation of genetic resources in artificial basins;
- Develop and implement the Regulation on the selling of fish products.

### **Cooperation in the energy sector**

The major achievement regarding energy security of the country is the diversification of energy supply with the construction and commissioning on 27 August 2014 of the Iasi - Ungheni gas pipeline.

Regarding the process of legal harmonisation, the Republic of Moldova managed to gradually approximate 13 out of the 43 EU acts foreseen to be transposed under the AA:

- adoption of Law No. 92 of 29 May 2014 on heating and promoting cogeneration;
- adoption of Law No. 128 of 11 July 2014 on energy performance of buildings;
- the entry into force of Law No. 44 of 27 March 2014 on labelling energy-related goods impacting energy consumption;
- Law No. 151 of 17 July 2015 on ecodesign requirements applicable to energy-related products;
- the Government Decision No. 1003 of 10 December 2014 that transposed 7 European directives on labelling and standard product information, on consumption of energy and other energy-related goods impacting energy consumption.

In what concerns energy efficiency, after the adoption of the Law No. 128 of 7 November 2014 on the energy performance of buildings, minimum energy performance requirements for buildings were presented at events organized for specialized target groups. The methodology for calculating the energy performance of buildings is being finalized, remaining only to establish the national parameters.

Have been finalized the procedures for participation of the Republic of Moldova in the Energy Efficiency and Environment in Eastern Europe Programme E5P (on 16 October 2014, the Government signed the contribution agreement with EBRD for participation in the programme). The first board meeting of the E5P in Moldova was organised on the 15 July 2015 and where presented the financing projects in the area of energy efficiency. The first identified and approved project is the heating project CET-NORD.

#### Priorities

- Adopt the Law on renewable energy;
- Adopt the Laws on natural gas and electricity (Third Package);
- Approve the Regulation on the access to gas distribution networks;
- Approve the Regulation on conditions for access to the cross-border electricity network;

- Approve the Regulation on the mechanisms to address the problem of congestion in the electricity system;
- Transposition of Directive 2009/33 / EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean and energy-efficient road transport vehicles;
- Following the approval of Law No. 151 of 17 July 2015 on ecodesign requirements applicable to energy-related products, approve the draft Government Decision on the transposition of 7 EU regulations (including Regulations 347/2010, 245/2009, 244/2009, 640/2009);
- Amend the Law No. 461-XV of 30 July 2001 on the oil market.

## Transport

During the reporting period, Moldova – EU cooperation in the transportation sector was consolidated by signing agreements of participation in a variety of EU transport related programs and cooperation platforms:

- Eastern Partnership Transport Panel (through which is ensured the connection with DG MOVE);
- Danube Commission; Working Group and Steering Group for Priority 1A and 1B of the EU Strategy for the Danube Region (through which the interaction with DG REGIO and DG MOVE is consolidated); Working Group on cooperation between the EU and the Black Sea states (facilitating cooperation with DG MARE);
- The Europe-Caucasus-Asia Transport Corridor (TRACECA);
- EUROCONTROL and EASA.

**Road transport.** One of the greatest achievements in this sector is the approval of Law No. 150 of 17 July 2014 of Road Transport Code, which partly transposes nine European acts, including six directives and three regulations stipulated in the AA.

The adoption of The Road Transport Code will contribute to the effective and uniform application of legal norms and enhance the competitiveness of road transport operators. Therefore, in accordance with the provisions of Article 126. (4), technical inspection checkpoints were equipped with computing devices connected the national registry of transport units that have undergone periodic technical inspection AIS "AUTOTEST".

The implementation of the National Strategy for Road Safety continued smoothly, the focus being on carrying out a complex set of actions aimed at ensuring public order and the prevention of road accidents. A particularly successful project was the development of the mechanism for efficient traffic management launched on 30 June 2014. The Monitoring and Traffic Control System includes 350 surveillance cameras and 43 radars that allow the monitoring of 41 Chisinau intersections. Later on the system was extended to several national routes.

Regarding road safety, on 3 July 2015 the Parliament adopted in second reading several draft laws on Moldova's accession to: (i) The Convention on Road Signs and Signals, (ii) European Agreement supplementing the Convention on Road Signs and Signals, (iii) Protocol on Road Markings.

**Air transport.** On 26 June 2015, Moldova deposited its instrument of accession to the Cape Town Convention on International Interests in Mobile Equipment and its protocols, thus creating new growth opportunities for the air fleet.

**Infrastructure development.** In accordance with the technical norms and EU standards a series of documents were developed and approved by the Ministry of Regional Development and Construction in view of to better identifying and evaluating infrastructure projects for different transport modes, including:

- Assessment guide of state of the art works based on functionality (CP D.02.06-2014);

- Recommendations on the design of streets and roads in urban and rural areas (CP D.02.11-2014);
- General technical requirements for safety barriers on bridges located on motorways (CP D.02.07-2014);
- Recommendations for detection and removal of the pavement surface grooves (CP D.02.09-2014);
- Recommendations on the regeneration methods for pavement and foundations with cold-recycling method (CP D.02.12-2014);
- The norms for technical road equipment necessary for road maintenance (CP D.02.15-2014);
- Recommendations regarding the use of protective devices on road bridges (CP D.02.19-2014).

On the directions of the TEN-T connection the following road sections are being rehabilitated: the M3 Chisinau-Giurgiulesti 96 th km – 151st km (55 km); M3 Chisinau-Giurgiulesti sectors 151st km – 171st km; 179th km – 190th km (31 km). A tender was launched for the rehabilitation of the national road: R16 Balti-Falesti-Sculeni the sector from 4.8th km - 59.4th km (54.6 km). For the year 2015, it was planned to conduct trilateral talks Moldova - Romania - Ukraine on the mechanism for financing projects of transport corridors within the BSEC and the EU Strategy for the Danube Region.

#### Priorities

- Complete the procedures for the accession of RM to international conventions referred to in AA;
- Speed up procedures for the transposition of EU acts that are mandatory under the Agreement on Common Aviation Area with the EU (presenting the transposition calendar to the EU);
- Take the necessary steps for the removal of the Republic of Moldova from the blacklist of the Paris Memorandum of Understanding;
- Finalize the drafting and approval of Government Decision that will fasten the introduction of requirements for the double hull or equivalent design standards for single hull oil tankers (transposition of Regulation No. 417/2002).

The following legislative acts must be swiftly approved:

- Regulation on conditions for assembling, repair and verification of tachographs and speed limiters;
- Regulation on the issuing, replacement, substitution and renewal of tachograph cards and for downloading and storing data from the tachographs and tachograph cards;
- Regulation on road transportation of dangerous goods;
- Regulation on rail freight;
- Government Decision on the minimum level of training of seafarers (transposing Directive 2008/106/EC);
- Government Decision on technical regulations and inspection procedures (aimed at transposing Directives 2006/87/EC, 2008/106/EC, 336/2006, 2008/106/EC and 2005/65/EC and Regulation (EU) EC No. 782/200);
- Government Decision on enhancing ship and port facility security (transposing Directive 2005/65/EC and Regulation (EC) No. 725/2004);
- Government Decision of compliance with Flag State requirements;
- Amend the Law No. 599-XIV of 30 September 1999 approving the Commercial Maritime Navigation Code of RM;
- Regulation on the periodic technical inspection of road vehicles;
- Approval of the draft law on accidents and incident investigations in transports.

## Environment

Substantial improvement has been registered in the process of developing good governance regarding the environment, particularly through the transposition of EU and international laws with respect to the environmental impact evaluation and the ensuring of a strategic environmental evaluation.

Starting 4 January 2015, the new Law no. 86 from 29 May 2014 regarding the environmental impact evaluation that establishes a functioning judicial framework for the evaluation mechanism (procedures and methods applied) in accordance with the stipulations of the 2011/92/EU Directive regarding the assessment of the outcomes of some public and private environmental projects, is to be enforced.

In order to facilitate the implementation process, the practice handbook project regarding the implementation of the environmental impact evaluation procedure has been finalised. It is to be approved and published in the October-November 2015 quarter.

Furthermore, the draft law for adopting I and II Amendments to the Convention regarding the environmental impact evaluation in a transboundary context (ESPOO) was approved at the Government meeting on 16 June 2015 Government Decision no. 484.

The draft law regarding the strategic environmental evaluation has undergone a re-examination procedure. Simultaneously, in order to implement the Aarhus Convention, the draft law regarding the public access to the information on environment has been re-examined and finalised. It is to be presented to the Government for further approval.

The strategy regarding the biological diversity of the RM for the 2015-2020 period, as well as the Plan of Action for its implementation have been approved by the Government in May, defining the strategic objectives in accordance with the participation of the national economy sectors to the biodiversity protection processes.

While implementing the Environment Strategy for 2014-2023, was initiated the functional analysis of the environment institutions for insuring the institutional reform in this sector. The first step for this was done when approving the modifications to the Law regarding the Government (Parliament session from 30 July 2015), which subordinated the “Moldsilva” Agency to the Ministry of Environment.

In order to ensure the implementation of the **Waste management** strategy in 2013-2027, the process of developing feasibility studies regarding the establishment of a waste management infrastructure in 5 regions out of the 8 from the plan has been launched.

**Water Quality.** In order to implement the 2007/60/CE Directive regarding the flood risks evaluation and management, the process of developing a feasibility study considering flood risks (i), hazard and flood risk maps for the regions with higher flood risk (ii) and flood risks management plans has been launched.

As for the 91/271/CEE Directive, its stipulations have been partially transposed in the Regulation regarding the requirements for collecting, purging and overflowing wastewaters in the sewerage system and/or waterbodies for urban and rural regions (approved by the Government Decision nr. 950 from 25.11.2013), as well as partially in the Regulation regarding the conditions for overflowing wastewater in waterbodies (approved by the Government Decision no. 802 from 9.10.2013 and modified by the Government Decision no. 862 from 8.10.2014).

As a consequence of the 2013 approval of the Regulation regarding the prevention of water pollution in agricultural activities, intended to ensure the implementation of the 91/676/CEE Directive considering water protection from agricultural nitrates pollution, the procedure of

developing monitoring programmes has started. This procedure is part of the Nistru and Prut river basin districts Management Plans. At the moment, these 2 plans are undergoing public consultations.

In the matter of the community politics framework regarding the **water protection and management**, there are two management plans for the river basin districts Nistru and Danube - Prut and the Black Sea.

**Soil protection.** As a result of the institutional assessments and consultations regarding the necessity to introduce amendments and additions to the Land Code, the development of a new soil draft law that would follow the practices of European states, has been initiated. Accordingly, the draft has been developed and presented for examination. Also, the Regulation project regarding the presenting method of the reports about the movement of useful mineral stocks by the subsoil beneficiaries (i) and the directive with respect to the geological research undertaken for groundwater in phases and stages (ii) have been developed and sent for examination.

**Chemicals.** With the purpose of implementing the Rotterdam Convention, the draft law regarding chemical substances has been formulated and sent for examination. It includes stipulations regarding the methodology of chemical substances and mixtures of chemical substances provision, as well as restrictions and interdictions applied if necessary and obligations assigned to downstream users.

The EC Regulation no. 689/2008 regarding the export and import of dangerous chemical products and the EC Regulation no. 1272/2008 regarding the sorting, labelling and packing of substances and mixtures are entirely transposed in the Regulation project with respect to the export and import of dangerous chemical products that is to be passed for approval after the adoption of the Law about chemical substances. Likewise, the Regulation project regarding the interdictions and restrictions when producing, placing on the market, using and exporting chemicals, which comes partially to transpose the stipulations of EC Regulation no. 1907/2006 concerning the registration, evaluation, authorisation and restriction of chemicals, is under development and will be submitted for adoption after the entry into force of the Law on chemicals.

During the reporting period the legal and regulatory framework on the risk of major accidents involving dangerous substances was evaluated and ways of integrating the provisions of Directive 96/82 / EC into national law were identified. As a result, the procedure for the elaboration of the draft law regarding the control of the risk of major accidents involving dangerous substances was launched.

At the same time, the draft of the Government Decision on amending and supplementing the Annexes no. 1 and 2 to the national program for sustainable management of chemicals and the draft Programme Implementation Plan were formulated, and are ready to be submitted for endorsement to the new government.

In terms of **air quality**, the procedure of drafting a Strategy in the field of atmospheric air protection was initiated.

Priorities:

- to adopt a draft law on waste management, develop a waste management program and waste prevention programs, as well as approve the Regulation on electrical and electronic equipment waste;
- to review and update the National Implementation Plan of the Stockholm Convention on Persistent Organic Pollutants;
- to adopt the draft law on Strategic Environmental Assessment;
- to adopt the law on access to environmental information, develop and approve the mechanism for its implementation;
- to adopt the law on chemicals;

- to evaluate the institutional framework of the air protection and management system and develop a study on assessing the situation in this area in order to transpose the 2008/50 / EC Directive on atmospheric air quality and cleaner air for Europe;
- to finalize the development and to approve the strategy in the field of air protection; to finalize the draft Regulation regarding the reduction of sulfur content in certain liquid fuels and to approve it by the Government;
- to finalize the examining of the Government Decision projects concerning (i) the annex addition to the Regulation on the organization and functioning of the single window in the field of environment permitting for special use of water, and (ii) the approval of the technical concept of the Water Resources of the Republic of Moldova (SIRA) informational system and the approval of the implementing the Water Law mechanism;
- to finalize the examining and approve the mechanism for implementing the subsoil Code;
- to complete the development of the Governmental Decision projects approving the sanitary regulations for (i) small drinking water systems and (ii) monitoring drinking water quality;
- to approve the monitoring programs on water protection against pollution caused by nitrates from agricultural sources.

## **Climate policies**

In the context of the Government Decision No. 1009 of 10.12.2014, the Strategy for adapting to climate change until 2020 and the Action Plan for its implementation were approved. Also, a study on the assessment of vulnerability to climate change across the key sectors of the national economy has been conducted and measures to adapt to this phenomenon for sectors such as agriculture, energy, transport, health, forestry and water resources have been developed.

The integration activity of the adaptation measures in already approved policies has been initiated in the areas of energy and transport, meanwhile in those of health and forestry the development of specific strategies for adaptation has initiated.

The stipulations of the EC Regulation no. 1005/2009 on substances that deplete the ozone layer have been incorporated into the draft Government Decision on amending and supplementing the annexes no. 1 and 2 to the National Programme on Sustainable Management of chemical substances and are to be submitted for approval to the new Government.

### Priorities:

- to adopt the National Programme project for gradual mitigation of hydrochlorofluoric fuel for the 2014-2040 period;
- to finalize the preparation and the approval of low-emission development strategy of the RM until 2020;
- to develop and approve the national contribution for the new global agreement on climate change.

## **Information society**

### Achievements:

- was adopted the Law no. 174 from 25.07.2014 regarding the organization and functioning of the National single emergency call service 112
- was drafted the feasibility study regarding the creation and functioning of the Service 112
- was approved the program on the transition from analogue to digital terrestrial television (Government Decision no. 240 from 08.05.2015)
- was approved by Government Decision no. 254 from 14.05.2015 the Strategy regarding the increase of the competitiveness of information technology industry for years 2015-2021
- was approved in the first reading of the plenary session of the Parliament, the Law regarding the IT parks (31.07.2015)
- In June, the ANRCETI approved (i) the Decision regarding the approval of general conditions for the use of radio frequencies and channels with the aim of providing public electronic communications networks and services, (ii) special licenses to

use frequencies / channels in the radio frequency band [470-694 MHz] for the provision of electronic communications networks and services in the digital terrestrial television system and issued SE "Radio communications" - a license for the use of frequencies/channels in the radio frequency band 470-694 MHz for the provision of electronic communications networks and services in the digital terrestrial television system with national coverage.

- The Guide/Handbook on providing provisional mobile services for public demonstrations and events was developed, approved and made available for the public (see: <http://anrceti.md/news05012015>).

#### Priorities:

- preparation and approval of the National Program for the Implementation of the Electronic Communications Universal Service 2014 - 2020; Drafting and approval of the Regulation on the implementation of the universal service;
- to develop the methodology for calculating the net cost of obligations to provide universal service and establish the rate for contributions;
- Implementing the National Strategy for Information Society Development "Digital Moldova 2020" the action plan on implementation of the Strategy in all 3 dimensions;
- implementation of the management of radio spectrum for the years 2013-2020, approved by Government Decision no. 116 from 11 February 2013;
- drafting of the national program for the implementation of the emergency service 112;
- adjustment and promotion of the Government act on electronic communications nr. 241-XVI from 15 November 2007, in accordance with the EU directives;
- adoption of the law on access to and sharing of properties associated to the public electronic communications infrastructure networks;
- implementation of the IT transformation plan for the Ministry of Interior.

### **Regional development and regional cooperation across borders**

At the beginning of 2015 was initiated the drafting of the 2020 National Regional Development Strategy in strict compliance with *acquis communautaire* principles, such as cohesion policy, convergence and subsidiarity principle. Thus, in accordance with the opportunities opened by the EU – MD Association Agreement, the new document proposes changing public attitudes towards the regional development process by implementing a paradigm shift in the regional development policy of the Republic of Moldova. In this context it is intended that SNDR will become a document of integrated cross-sectoral policies that will ensure synergy of effort for the multiple available resources.

Moreover, on 24 March 2015 was signed the agreement on financial support with the Austrian Development Agency for the development of the Project "Danube connects" which will contribute to promotion of the EU Strategy for the Danube Region in Moldova (EUSDR).

During the reporting period continued cooperation with the Agency for International Cooperation of Germany for the modernization of the local services project, in particular have been developed and approved Regional and Sector Programmes: Water supply and sewerage, Efficiency energy in public buildings, solid waste management and regional and local road infrastructure in the North, Central and South Regions. A special topic for focus was inter-institutional cooperation to promote projects shortlisted in the process of Regional sector programming and identification of resources. Thus, there is currently a portfolio of 90 projects proposals, investments in public assets, totalling up to EUR 110 million.

In order to achieve the objective of reducing local disparities, intra and inter-regional, financial support was obtained for the implementation of 30 investment projects worth 188 377 080 MDL (Development Region North - 10 projects worth 49,523 MDL, Development Region Center - 12 projects worth 79 045 360 MDL, Development Region South - 8 projects worth 59 808 120 MDL).

In accordance with CNCDR Decision, in 2015 continued the funding of projects from the NFRD directed towards the development of the private sector.

In the process of developing a new CBC Programme Romania - Moldova 2014-2020, a number of major investment projects were selected at national level and proposed for financing. One of the proposed project (EAST AVERT II) aims to prevent flooding in the basin of r. Prut by creating an early warning system and strengthening Rock-Costesti hydraulic dam.

MIA has identified two new partners and has developed an action plan on the development of the project "Prevention of corruption in cooperation with the countries of the Danube Region".

Priorities:

- to include in the regional development policy papers the measures for the transfer of competences to regional and local governments and further work with the Academy of Public Administration to train the LPA;
- develop the concept of National Landscaping Plan and the three regional plans;
- regional development policy shift on implementing complex sectoral development projects with elements of innovation.

**Public health**

One of the most important achievements in this sector is the adoption of Law No. 124 of 29 May 2015 on tobacco control in accordance with the provisions of the Framework Convention of the World Health Organization and the Directive 2014/40/EU regulating tobacco products. The main objective of the law is to protect the population of the effect of smoking and smoke exposure.

There were also transposed three European Directives in the field of medications, such as Directive 90/385/EEC of 20 June 1990 on the approximation of the laws of the Member States relating to active implantable medical devices, Directive 93/42 / EEC of 14 June 1993 concerning medical devices and Directive 98/79/EC of the European Parliament and of the Council of 27 October 1998 on in vitro diagnostic medical devices (GD No. 410 of 6 April 2014, GD No. 418 of 5 June 2014, GD No. 435 of 10 June 2014).

Regarding the prevention of infectious diseases, the Government approved International Health Regulations with regard to the prevention of cross-border transmission of hazards to public health. The regulation also transposes the Decision No. 1082/2013/EU on serious cross-border threats to health.

Priorities:

- Approval of the draft Government Decision on amending and supplementing Government Decision no. 12 of 19 December 2009 regarding the rules for medical examination of drivers and candidates for obtaining a driving license;
- Approval of the Action Plan for the implementation of the national strategy for prevention and control of noncommunicable diseases for the years 2012-2020;
- Government approval of projects with reference to Health Regulations concerning (i) the ingredients in tobacco products, (ii) reporting on tobacco products and (iii) sale of tobacco products;
- Develop and approve the draft Order on the system of supervision and control of communicable diseases; on the amendment of the list of communicable diseases and public health events taken under supervision (to transpose Decision no. 2000/96/EC) and the annex to the draft order on the implementation of case definitions in the system of surveillance and control of communicable diseases, including adjusting the list of communicable diseases and public health events taken under supervision (to transpose Decision no. 2002/253/EC);
- Completion and promotion of the GD for the national integrated system for preparedness and response of the health sector in public health emergencies.

## **Civil protection**

### Achievements:

- Concept on primary and continuous training of fire-fighters and rescuers in the field of providing qualified first aid was approved.
- Electronic Regional Risk Atlas was installed on servers in Czech Republic in June 2014.
- Emergency Situations Management Center of the Commission for the Emergency Situations of the Republic of Moldova was created and made operational.
- Work Plan for 2015 – 2016 for implementation of the Administrative Arrangement between the Directorate-General for Humanitarian Aid and Civil Protection of the European Commission and the Civil Protection and Emergency Situations Service of the Ministry of Internal Affairs of the Republic of Moldova on cooperation in the field of civil protection was signed.

### Priorities:

- To expand the level of coverage of the SMURD Service in the Republic of Moldova and to continue the SMURD promotion campaign “Bringing SMURD to the Republic of Moldova”.
- To identify and to nominate according to the INSARAG procedures a mentor in order to consult the Republic of Moldova with the view of creation of a search – rescue team for urban areas specialized in international interventions according to INSARAG (International Search and Rescue Advisory Group) requirements.
- To participate with a joint group consisting of 1 search – chemical decontamination team and 1 SMURD team in the International exercise UKRAINE 2015 for disaster consequence management, organised under the auspices of EADRCC / NATO (Euro-Atlantic Disaster Response Coordination Centre) (scheduled for September 2015).

## **Cooperation on education, training, multilingualism, youth and sport**

### Achievements:

- Code on education was adopted (17.07.2014).
- Strategy on development of education for 2014 – 2020 was approved (14.11.2014).
- National School Inspectorate for General Education was established.
- National Agency for Ensuring Quality in Vocational Education was created.
- National Strategy for Youth Sector Development 2020 and Action Plan for its implementation were approved (12.12.2014).
- With the view of promoting transfer of new ideas and abilities in the process of young people migration the Internship programme for the young people, natives from the Republic of Moldova, and the Programme for facilitation of professional integration of the young people, who have studied abroad, have been implemented and promoted.
- The second edition of the Gala of students, natives from the Republic of Moldova, “Academic excellence for Moldova” was organised.

### Priorities:

- To adopt and to implement National system of validation of the non-formal and informal learning.
- To finalise and to pass draft Law on youth.
- To develop the Strategy on life-long learning.
- To establish centres for evaluation of non-formal and informal learning.
- Develop and promote concept of e-admission.

## **Cooperation in research, technological development and demonstration**

Implementation of the provisions on the research activities was done via association since 1.10.2014 of the MD to the Framework Programme of the European Union for Research and Innovation “Horizon 2020”; ensuring functionality of the institutional platform for making use of participation in “Horizon 2020”, including via extension of the network of national contact points,

MD representatives in the programme committee and activity of the Moldavian Office for Science and Technology to the European Union; launching, in partnership with the International Organisation for Migration, of the Programme for temporary return of scientific Diaspora of the Republic of Moldova, in the framework of which 29 researches paid short visits of 7 – 14 days in September 2014 – May 2015 with the view of carrying out research activities in universities and research and development institutions in the Republic of Moldova.

Priorities:

- To be integrated into the European Research Area.
- To develop and adopt the Strategy on integration into the European Research Area.

### **Cooperation on culture, audio-visual policy and media**

Among the most visible achievements in the field it is worth mentioning:

- EU – CoE COMUS project for development of sustainable policies and projects for revitalisation of the cultural heritage in 1 – 2 towns from MD was launched.
- The publishing of the Guide for supporting activities organised by Diaspora: 49 cultural events and actions in 2014 and 10 other actions in January – June 2015, traditionally organised by Diaspora communities: national holidays, winter holidays, Mărțișor, Easter holidays, International Children’s Day, etc., was launched.
- The drafting of the Guide on the legal framework on broadcasting in the Republic of Moldova was developed.
- The Republic of Moldova adhered to the “Creative Europe” Programme (Agreement between the Republic of Moldova and the European Union was signed on 18 March 2015 and entered into force on 11 May 2015). In order to ensure the information of the cultural operators about the opportunities of the Programme 2 information sessions, supported by the Creative Europe Desks from Romania and France, for presentation of the Creative Europe Programme were organised.
- Was organized the second edition of the DOR Programme – Diaspora\*Origins\*Returns for children of the second generation of migrants was organised. 101 of 12 – 17 years old children and young people from the Diaspora and from the Republic of Moldova participated to it.
- 2 regulations on creation of the National Cinematography Centre and on financing cinematographic projects were developed.
- 350 public libraries from Moldova were selected via the NOVATECA Programme to receive modern equipment in order to facilitate free of charge public’s access to internet and on-line resources.

### **Participation in Community programs**

During the reporting period consistent steps were undertaken in order to extend Moldovan institutions’ participation in EU programs. As a result, during 2014, in Brussels, two association agreements were signed with the EU on Moldova’s participation at (i) the Union's Framework Programme for Research and Innovation (2014-2020) - Horizon 2020 (signed on July 1 and ratified by Law No. 142 of 17 July), and (ii) Programme for the Competitiveness of Small and Medium Enterprises (2014-2020) - COSME 2020 (signed on 29 September 2014 and ratified by Law No. 21 of 27 February 2015), thus Moldova becoming the first country in the EaP adhering to both programs.

In 2015, Moldova became part of the "Creative Europe" Programme by signing the Agreement with the EU on 18 March in Brussels (ratified by Law Nr. 60 April 9).

Moldova also confirmed its intention to participate in the framework of the third multiannual action program for health for 2014-2020 "Health for Development/Growth". The Draft Agreement is at the final stage of negotiations and is to be signed before the end of 2015.

## TRADE AND TRADE RELATED MATTERS

Overall, the measures regarding this chapter are implemented in accordance with the working plan, the involved institutions – Ministry of Economy, Ministry of Finance, Ministry of Agriculture and Food Industry, Customs Service and other authorities endeavouring to create the background for the implementation of the Agreement.

During the reporting period, the first meetings of the AA/DCFTA structures have been organized along with the Association Committee in Trade configuration (05.03.15); the Sub-Committees on SPS (12.03.2015), Customs (20.04.2015), Sustainable Development(07.07.2015) and the Joint Forum for Dialogue with the Civil Society (08.07.2015).

Also, in order to ensure the achievement of the commitments arising within the DCFTA, the Ministry of Economy, by Order no. 32 of 12 March 2015, has created inter-sector working groups for each DCFTA related area.

### **Market access of goods and customs administration and rules of origin**

In the period *January-May 2015*, the EU oriented export value amounted to \$626,1 mln, (63%) of the total registered exports and 10,8 % increase over the same period last year. The main European partners for exports are: Romania, Italy, United Kingdom, Northern Ireland, Germany, France, Poland and Netherlands. The main partners for imports are: Romania, Germany, Italy, Poland, France, and Austria.

**Recovery of export quotas was fulfilled as follows:** *grapes*: in 2014 the amount of 7708 tons of the total of 10000 tons (77%), while during the January-June 2015 period – 2280 tons ( 22,8 %); *apples* – in 2014 there were exported 1585 tons out of a total amount of 40000 (3,96 %), whereas for the January –June 2015 period the quantity of exported apples was 565 tons (1,4%); *plums*- the exported quantity in 2014 was of 3948 tons out of a 10000 tons total; (39,4%), while during the reference period of the current year, there was no registered exportation of plums towards the EU market.

During the period of January-June 2015, **the fulfilment of export quotas by using the anti-circumvention mechanism** shows the following configuration: *wheat and wheat flour* in a proportion of 84% of the total of 75000 tons, *maize* - 108 % out of the total of 130000 tons, *barley* – 59% of the total of 70000 tons, *sugar* in a ratio of 21 % out of 37400 tons, *processed cereals* – 87% out of 2500 tons and *sweet corn* – 8,9% out of 1500 tons.

In this context it is worth mentioning that the quota management is performed through the mechanism approved in November 2014, by the Governmental Decision no 971 approving the Regulation on administration on tariff quotas for the import for the import/export of goods to/from the Republic of Moldova and the repeal of several Governmental decisions. This ensures a transparent management, according to EU practices. Information on use of quotas is available on the Customs website.

In order to facilitate the implementation of the AA regarding the classification of goods during 2014, the Combined Nomenclature of goods has been approved (with Law no. 172 of 25 July 2014), entered into force on 1 January 2015. However, the list of tariff concessions offered by the Republic of Moldova was implemented within the automated informational System “Asycuda World” and it is applied to customs declarations issuance on goods import from the EU, starting 1 September 2014.

The implementation of the actions in the customs administration domain is carried out according to the deadlines set out in the action plan. At the same, in the context of the elaboration of the new Customs Code, is considered the initiation of the actions foreseen for the simplification measures for the confirmation mechanism of the exports of economic operators.

A success worth mentioning is the development and implementation of the authorized economic operator (AEO), by the GD no 647 of 07 August 2014 on "Implementation of the provisions of Section 271 and 281 of the Customs Code of the Republic of Moldova" and the Customs Order no 483 of 13 November 2014 on the "Approval of the methodological norms regarding the confirmation of the AEO Certificate claimants and owners and the Authorization for simplified procedures. Moreover, were approved the Customs Orders no.116/105 of 13 March 2013 on "Priority access to the border crossing points of state for some categories of economic operators" and no. 50 of 16 February 2015 on "Implementation of simplifications and facilities for the authorized economic operators (AEO). The *Guideline for the issuance procedure for the authorized exporter certificate*, was approved by a GD on 16 May 2015. So far, there are 86 economic operators holding an AEO certificate.

On 1 July 2015 at the BCP Leuseni-Albita, the pilot-project on the unilateral recognition of AEO from EU was launched. It should be underlined that the launch of the pilot-project will contribute to the simplification of the border crossing procedures at the most requested external BCP of the EU with Moldova, Leuseni, furthermore, its successful implementation will lay the foundation for the initiation of the AEO bilateral recognition mechanism that is to be developed between Moldova and EU.

In order to fulfil the commitments assumed by Moldova in compliance with art. 201 of the Moldova-EU Association Agreement, the Finance Ministry has initiated the process of harmonization of the Customs Code of the Republic Moldova according to the provisions of the Council Regulation (EEC) 2913/92 of 12 October 1992 establishing the Community Customs Code, by drafting a new Customs Code.

In order to implement Article 195 of AA on 16 June 2015 the Government Decision on the development of regulations was approved, which stipulates that the Ministry of Environment within four months, examines, prepares and submits to the Government the mechanism for calculating, collecting and control of pollution charges established by Law 1540 of 25 February 1998.

The Customs Service continued the promotion of the electronic customs declaration procedure. The number of agents that are choosing the electronic customs declaration customs is constantly increasing. Thus, comparing to 2014 when only a couple of dozen were using the electronic export declaration, by the end of the first semester of 2015, the share of electronic export declarations was about 48% of the total exports and this trend is heading upward. Starting 1 March 2015 all the economic agents can declare electronically both, the exports and the imports of goods.

In order to simplify the customs procedures related to electronic import the norms on electronic customs clearance procedure at the import of goods through were approved by the Customs Service Order no. 75-A of 26 February 2015.

Another progress is the Law concerning pyrotechnic articles, which entered into force on 28 May 2015.

An important achievement is the adoption on 28 May 2015 of the Law on Moldova's accession to the Regional Convention on the pan-Euro-Mediterranean preferential rules of origin. In the same context, in order to simplify the trade by the Law no. 71 of 12 April 2014, amending and completing certain legislative acts regarding the fiscal, customs and budgetary policy for 2015, and for the improvement of the fiscal, customs and budgetary legislation the concept of Approved Exporter, the certificate/declaration of the origin of goods along with the declaration of the manufacturer were introduced.

At the initiative of the Customs Service, by Government Decision no. 279 of 20 May 2015, the amendments in the Government Decision no. 1140 were approved. The amendments are aiming to reduce the number of documents needed for the customs clearance of the imported / exported goods

and to simplify foreign trade, and to harmonize with international practices in the field. The decision establishes a minimum number of binding instruments, namely three acts that are requested for the customs clearance of goods and of the transport types.

Following the mainstreaming of the selection system the share of physical checks was reduced. Thus, at the end of the first semester of 2015 the share of import customs declarations targeted for physical control has decreased by 15.06% (21% in 2014), and for export by 2.85% (8% in 2014).

In order to ensure an efficient exchange of information on risk analysis with other public authorities, the Government Decision no. 375, 16 June 2015 on amending and supplementing Government Decision no. 1144 of 03 November 2005 “On the approval of the Concept of Risk Management in Customs” was approved. Based on this GD, certain agreements with the responsible public authorities have been signed and access to the IS of some public authorities was given.

In order to reduce the share of customs controls the blue clearance concept was implemented. The Customs Service has passed amendments to the Customs Code concerning the blue lane concept, which involves the release from the customs check and the free passage, conducting on the basis of selective subsequent control by rechecking the customs declaration. On 19 June 2015 the testing procedure for the clearance of goods was initiated, and on 31 June 2015 it was implemented at the national level.

This tool reduces the number of border checks and the duration and costs of the customs procedures. The customs control is moving from first-line inspection post clearance control by implementing effective double check of customs declarations.

#### Priorities:

- Take full advantage of the available quotas for the export of goods;
- Elimination of the taxes for environmental pollution;
- Promotion and recognition of the Authorized Economic Operator (AEO);
- Promotion of the single window concept and the implementation of the New Computerized Transit System (NCTS);
- Launch of two pilot projects: Establishment of the joint control at the external border of the EU and the implementation of the prior exchange of the customs information with the EU;
- The approval of the new Law on customs service and the new Code of Conduct for officials;
- Advancement transposition process and drafting the new Customs Code and Tax Code.

#### **Technical barriers to trade (TBT)**

In order to reduce technical barriers to trade, including the transposition of the EU requirements on standardization, metrology and accreditation, progress was registered in transposing into national legislation of the provisions of several EU Directives and Regulations, but also via the accession or the beginning of the accession process to specialized international bodies. Thus, in order to obtain the status of the European Committee for Electrotechnical Standardization member (CENELEC) from the National Institute of Standardization, on the 4<sup>th</sup> of April 2014, The National Body for Standardization joined the European Committee for Electrotechnical Standardization (CENELEC) as an affiliate member. As well, MOLDAC filed an application to become signatory of the EA MLA Multilateral Recognition Agreement.

The National Institute of Metrology has been accepted as a participant to the EURAMET comparison, when it initiated its participation to comparisons within the COOMET framework.

During January – June 2015, 1820 European standards were adopted. So far, the total of the adopted European standards is 8911. The taking over of the European standards reached 96% from those foreseen for 2015. In that same period, about 194 national standards conflicting with the European standards have been cancelled.

### Achievements:

- Approval of Governmental Decision on technical regulation “Simple pressure vessels” (GD no. 368 of 12.06.2015)
- Approval of the Governmental Decision regarding the approval of the Technical Regulation on placing on the market of measuring instruments (GD n. 408 of 16.06.2015)
- The draft Law on waste has been approved (the draft was examined and approved during the Governmental meeting on 16.06.2015)
- Amendments and harmonisation of the Government Decision no. 461 of 6 July 1995 on the adoption of the technical approval for products, processes and equipment in construction.
- Approval of the Regulation on the organization and functioning of the single window for the development of the technical assessment in constructions, and of the Regulation on the organization and operation of the one-stop shop for the technical – professional certification of the construction specialists by Government Decision no. 913 of 06 November 2014.

### Priorities:

- Government approval of the draft Law on the market surveillance and its promotion in the Parliament;
- Re-examination and approval of the draft Law amending Law n. 235 / 2002 on accreditation and conformity assessment;
- Drafting and approval of the Government of a new Draft Law of metrology, planned for 2016;
- Taking over of the international and EU standards and their adoption as national ones in accordance with the National Standardization Program for 2015;
- Advancing the accession process to EA MLA for then recognition of conformity certificates and the negotiation of the ACAA Agreement for the industrial goods;
- Advancement in the development and promotion of the law on chemicals, waste law;
- Continuation of the cooperation with the line international institutions: standardization - CEN, CENELEC; metrology - EURAMET, WELMEC; accreditation – EA;
- Approval of the draft Planning and Construction Code pertaining to the provisions of Law 721-XIII of 02.02.1996 on the quality of construction in accordance with Regulation (EU) no.305 / 2011 of the European Parliament and of the Council of 9 March 2011 laying down certain harmonized conditions for the marketing of construction products and repealing Council Directive 89/106/EEC.

### **Sanitary and phytosanitary measures (SPS)**

In collaboration with DG SANTE and the Ministry of Agriculture and Food Industry the Annex for approximation in the SPS field has been agreed upon. The final version of the plan for the approximation of legislation in the SPS field was sent to the EU in June 2015.

The Ministry of Agriculture and Food Industry approved by the Order no. 39 of 19 March 2015, based on the GD no. 16 of 26 February 2015, the Plan for harmonization of the agrifood legislation for 2015.

In order to ensure the endowment of some official laboratories for food safety system with the necessary equipment to perform laboratory testing, in accordance with the requirements of EU export and import in Moldova, external assistance was attracted for the implementation of the Project regarding the creation and operation of the Laboratory for determination of pesticide residue in plants, soil and production of non animal origin (Romania - 300,0 thousand Euros, 200.0 thousand dol. USA, Norway - 150.0 Euros, Israel - 300.0 Euros).

On March 12, 2015, the First meeting of the SPS Sub-Committee was organized in Chisinau, during which the president and the contacts on the SPS were appointed, and the preliminary list of the SPS legislation was examined.

The Directive 2001/82/EC of the European Parliament and of the Council of 6 November 2001 on the definition of a the Community code related to veterinary medicinal products was transposed in

2011-2013 in the following acts: Law 221 of 19 November 2007 on sanitary-veterinary activity (Law no. 318 of 27/12/2012), GD no. 169 of 03 June 2013 on the approval of the Regulation on veterinary medicines and GD no.195 of 24 March 2011 approving the Regulation on measures and procedures for the determining of the maximum residue limits of pharmacologically active substances in foodstuffs of animal origin.

As a result of consultations with experts of the European Union (EU expert mission from 19 to 21 May 2015) it was established that the upgrade of the national legislation that transposes Directive 2001/82/ EC is to be carried out by the end of 2018.

Referring to the facilitation of animal products trade from RM, it is to be pointed out the Commission's Decision regarding the inclusion of the RM on the list of third countries and territories from which imports of certain fishery products intended for human consumption are authorized. Thus, starting from November 4, 2014, an economic operator from RM is authorized to export caviar on the EU market. The assessment mission DG SANCO / FVO regarding the export to the EU market for eggs and poultry meat conducted at the end of 2014 is also to be mentioned.

#### Priorities:

- Adoption of amendments to the Law no. 221-XVI of 19 October 2007 on veterinary work for transposition of Directive 2001/82/EC on the Community code relating to veterinary medicinal products (in process of re-examination).
- Finalization according to the issued opinions and approval of the action plan on implementing the National Strategy for Agricultural and Rural Development for the years 2014-2020 for measures to help operators in the sector to comply with the requirements arising from the implementation of the SPS chapter of the agreement.
- Expansion of the list of animal products eligible for export to the EU market, with the attainment of the right to export eggs and poultry thereafter;
- Continuation of the approximation of the SPS legislation in accordance with the calendar established Agreement;
- Progress in the implementation of the Rapid Alert System for Food and Feed and traceability system for animal identification (TRACES);
- Launching of the development strategy process in the food safety sector.

## **Services**

### **Financial Services**

- Law no.106 of 28 May 2015 amending and supplementing Law nr.1134-XIII of 04.02.1997 on joint stock companies, which contains provisions to ensure the effective protection of investors and other consumers was adopted and published;
- The Decision of the National Commission of Financial Markets on the approval of the Regulation regarding the adoption of the bonus-malus system for the compulsory insurance for civil liability for motor vehicle damages (new drafting) was adopted.
- On July 1, 2015 the National Bank of Moldova started a project that will enhance the process of transposing the EU legislation, in particular the Basel III international standards, which will allow the National Bank to strengthen its regulatory and supervisory capacities of the banking sector and respectively to mitigate the financial risks of the system. The project duration is 2 years.
- On 30 July 2015 the Parliament passed the Law no. 147 amending and supplementing certain acts, which introduced amendments to the Law on the National Bank of Moldova and other laws. These amendments are aimed at adjusting the legislative activity of the National Bank of Moldova in the Treaty on European Union, the Treaty on European Union (Protocol no. 4 on the Statute of the European System of Central Banks and of the European Central Bank), and other Community rules and implementing best practices and international standards activities of the central bank.

- On August 4, 2015 the National Commission of Financial Markets has signed a contract for the Twinning project “Development and strengthening of operational capacities and institutional National Commission of Financial Market regulatory and prudential supervision 'which aims to develop and promote a framework of regulation and supervision Prudential banking financial market segments in line with EU legislation and best practices.

### **Electronic communication services**

- The Government Decision “On approval of the Program on the transition from analogue terrestrial television to digital terrestrial” (Government Decision no. 240 of 05 August 2015) has been approved;
- The informational technology industry competitiveness growth Strategy for years 2015-2021 (Government Decision no. 254 of 14 May 2015) has been approved;
- The Government approved the draft law on information technology industry parks (Government Decision no. 253 of 14 May 2015);
- An electronic identity card was implemented, which is to create a person identifying informational integrated system and to provide e-services using the electronic signature for counter public services provision;
- A feasibility study was carried out on the establishment and functioning of 112 service in the country;
- The Law no. 174 of .25 July 2014 on the organization and functioning of the single national emergency call 112 was adopted.

### Priorities:

- Implementation of the National strategy for the development of the information society “Digital Moldova 2020” and the Action plan on the implementation of the Strategy in all its 3 dimensions;
- Implementation of the radio spectrum management system for the years 2013-2020, approved by Government Decision no.116 of 11 February 2013;
- Preparation and approval of the National Program of universal electronic communications service in Moldova for the years 2014-2020;
- Development of the National Program for the Implementation of 112 emergency services.
- Approval of the Electronic Communications law no. 241-XVI of 15 November 2007, in accordance with relevant EU directives.
- Adoption of the Law on access to the properties and associated infrastructure shared use of public electronic communications networks.
- Approval of amendments to the Civil Code and other related laws on concepts harmonization: subsidiary, branch and representative to ensure the national treatment and most favorable nation clause (MFN), along with measures taken by the parties in the case of cross-border DCFTA related service provision.
- Approval of amendments to Law n. 200/2013 regarding foreigners in Moldova and amendments to Law n. 180/2008 on labor migration to regulate the granting measures of the right to stay in Moldova for interns and graduates and for key personnel.
- Approval of the Postal Law and of the set of laws for its implementation.
- Approval of the draft law on distance contracts (including electronic commerce).
- Approval of the Law on voluntary pension funds
- Approval of the Law on Financial Collateral Arrangements
- Adoption in terms of the Law n. 190/2007 on preventing and combating money laundering and terrorism financing - law in new edition
- Adoption of the law on innovation and technology transfer fund, of the draft law amending and supplementing the Code on science and innovation - those projects were developed by the responsible subdivisions, but created a deadlock situation because, in order for it to be promoted, an optimal model of governance of the research and innovation sphere, needs first to be established.

- eHealth Strategy was developed in 2020 and has gone through the multiple re-examination stages. Along the way, due to the complexity and the impossibility of identifying a vision accepted by all stakeholders, the World Bank calls for revision of the draft strategy and for the hiring of a local expert, who will take over the process.

## **Public Procurement**

A major achievement is the adoption (03 July 2015) of the new draft law on public procurement. The above mentioned Law introduces significant changes for increasing the transparency in this sector and the creation of legal preconditions necessary for the establishment of an independent body for the appeals' resolution. Also, the entry into force of the law will provide the necessary legal basis for the development and approval of other related normative acts.

The drafting of the Roadmap for implementation of the Association Agreement provisions in the public procurement sector was completed and is awaiting approval by the relevant body of the AA.

### Priorities:

- Promotion in the shortest time possible of the draft Law "On public sector procurement" which is currently in the examination stage.

## **Intellectual property rights**

In this area good results were registered in the reporting period, the most important being:

- Developments of IP objects market monitoring mechanism, and drafting of the first monitoring report.
- Creation of an online application submission system, until now being submitted 755 applications for the protection of IP objects through this system;
- Development and publishing of the annual reports on the enforcement of intellectual property rights and on the implementation of national IPR strategy 2012-2014;
- Approval of the Action Plan for the years 2015-2017 on the implementation of the national strategy on intellectual property until 2020, Government Decision no. 491 of August 11, 2015;
- Approval of the Law No. 162 of 30 July 2015 on amending some legislative acts which have amended the following legislative acts in the field of IP Law no. 38-XVI of 29 February 2008 on the protection of trademarks; Law no.161-XVI of 12 July 2007 on the Protection of Industrial Designs, Law no. 39-XVI of 29 February 2008 on the protection of plant varieties. Changes are coming to improve the existing rules and to comply with legislation on the mark and plant varieties with the provisions of the association agreement, in particular art. 294 (known trademarks) and art. 317 (plant varieties).

### Priorities:

- Amend laws and regulations of IPR and other related areas currently identified as necessary, in particular to comply with the Law no. 114 of 03 June 2014 on the State Agency for Intellectual Property;
- Amendment of the Law no.139 / 2010 on copyright and related rights in order to harmonize the terms of protection under Moldovan legislation to Directive 2006/116/EC on the term of protection of copyright and certain related rights;
- Implementation of validating European patents in Moldova in accordance with the agreement between the Moldovan government and the European Patent Organisation on the validation of European patents, signed in Munich on 16 October 2013 and ratified by Law no. 57 of April 9, 2015.
- Approval by Government Decision of the Regulation for supporting patenting abroad;
- Development and adoption by Government Decision of Regulation on organization and functioning of arbitration specializing in intellectual property and arbitration proceedings.

## **Trade-Related Energy**

Currently there are a number of arrears in the energy sector concerning the implementation of the AA provisions, mainly:

- Approval of the Regulation on the access to the natural gas transport networks;
- Approval of the Regulation on the mechanism to address the congestion problems in the electro energetic system.

### Priorities:

For the year 2015 the main priorities are the elimination of all existing outstanding arrears, as follows:

- Approval of the Laws on Natural Gas and Electricity to introduce into national law the requirements of the energy package III, thus creating the necessary legislative basis for drafting secondary legislation in this area;
- Approval of the Regulation on the allocation and management of interconnectors capacity and on resolution mechanisms for the electricity system congestion issues;
- Approval of the Regulation on access to gas transmission networks.

## **Competition**

During the reporting period the following progress was registered in the competition and state aid fields:

- Was drafted the National Programme on competition and state aid for the period 2015-2020;
- Were approved:
  - the Report on State aid granted in Moldova in 2011-2013;
  - the Regulation on acceptance of the commitments proposed by companies;
  - the Regulation on the assessment of State aid for the financing of airports and start-up aid to airlines;
  - the Regulation on the assessment of State aid for the rapid development of electronic broadband communications networks;
  - the Regulation on State aid for the steel sector;
  - the Regulation on State aid for public broadcasting services;
  - the Regulation on State aid for films and other audiovisual works;
  - the Regulation on State aid for railway transportation enterprises;
  - the Regulation on State aid for public passenger transport services by rail and by road;
  - the Regulation on State aid to ship management companies;
  - the Regulation on state aid for postal services;
- was finalised the joint training program for the staff of the Competition Council and the Public Procurement Agency to detect cases of rigging in public procurement tenders.
- was carried out the study "Analysis of economic sectors to identify the major obstacles competition";
- Creation and operation of the information system "State Aid Register of Moldova", approved by Government Decision no. 378 of May 27, 2014.

### Priorities:

- Approval of the draft on National Program on competition and state aid for the period 2015-2020;
- Completion of the review process of the business regulatory framework, on the compatibility with competition law.
- Repeal and/or modification of normative acts that do not comply with the Competition Act and the Law on state aid.

## FINANCIAL ASSISTANCE AND ANTI-FRAUD CONTROL PROVISIONS

Efforts to implement the provisions of this Title, mainly concerned the continuation of the effective management of EU's and other development partners assistance, strengthening the capacity of national institutions in the management of these funds (public servants participating in trainings regarding the EU Assistance Management: budget support programs; twinning and technical assistance programs).

In order to improve the foreign aid coordination mechanism, amendments were introduced to the *Regulation on the institutional framework and mechanism for coordinating foreign assistance provided to Moldova by international organizations and donor countries, approved by Government Decision N. 12 of 19 January 2010* (approved by Government on 12.08.2015).

The Ministry of Justice drafted the Law on declaration of assets and personal interests, which clarified the term 'conflict of interests'; The draft Law on the National Integrity Centre; and draft Law on amending and supplementing certain acts, were submitted to the government and discussed at the meeting of 16.06.2015, thus awaiting approval in the coming weeks. On 19.09.2014 the Government Decision n. 767 regarding the implementation of Law n. 325 of 23.12.2013 on professional integrity testing was approved. Thus, through Annex 1 of the Government Decision 767/2014, the Regulation - Framework on record cases of improper influence, was approved.

The National Anticorruption Center initiated bilateral consultations with the European Anti-Fraud Office (OLAF), on the signing a cooperation agreement. As a result of bilateral consultations, OLAF introduced a standard model of *Administrative Cooperation Arrangement* to be examined and approved by the Centre.

At the beginning of 2015, National Anticorruption Center completed the strategic study on transparency in the use of external assistance in health, environment and agriculture. According to the analysis, 40% of all implemented projects are not transparent. Irregularities were certified in the use of external assistance, especially in project implementation units, the presence of conflicts of interest and facilitation of tenders for the enterprises whose owners are close to public persons. Irregularities detected in the study are examined within the criminal cases handled by National Anticorruption Center.

The National Anticorruption Center created, by the Director's Order N. 87 of 12 June 2015, the inter-ministerial working group, to consider the adjustment of the national regulatory framework to EU provisions on the use of EU funds and their protection.

The law on financial inspection by the working group, created by Order N. 11 of 03.02.2015 of the Financial Inspection Director, is being drafted.

### Priorities:

- initiating the process of adjusting the legal framework to prevent conflicts of interest in the implementation of EU funds, the recovery of EU funds and the investigation and prosecution in cases involving EU funds and other donors;
- proceeding to checking, according to terms agreed, on financial transactions with the European funds to ensure their proper management;
- establishing, within the institutions responsible for combating fraud, corruption and other irregularities, of a point of contact and a mechanism for exchanging information with the EU, including: - the creation and operation of a mechanism for transmitting to the European Commission of the information/ evidence related to prevention of conflicts of interest in the use of EU funds, in accordance with art. 56 of Regulation (EC, Euratom) N. 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities;

- assessment of the regulatory framework in the field, in order to provide for the European Commission and European Court of Auditors audit of the use of EU funds in Moldova;
- consultation with the EU, on applicability in Moldova, of sanctions imposed in accordance with EU regulations and reviewing the ways to update the framework of the assistance granted by the EU to transpose the provisions on administrative measures and sanctions imposed for the protection of EU financial interests;
- review of the national legislative framework, to identify possible measures to guarantee the realization of the principle of confidentiality, in EU funds management;
- review of the national legal framework, including the Law n. 90-XVI of 25 April 2008, on preventing and combating corruption and bring the Criminal Code in line with the Convention on the protection of the financial interests of the European Community;
- negotiating and signing an administrative cooperation agreement between the Ministry of Interior and OLAF.