



PROGRESS REPORT  
IMPLEMENTATION OF THE ASSOCIATION AGENDA  
BETWEEN THE REPUBLIC OF MOLDOVA AND THE EUROPEAN UNION

2014-2016

3/31/2017

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## Priorities of the Association Agenda

### 2.1. Political dialogue and reform

*Political dialogue and cooperation on reforms to be carried out in the framework of this Association Agenda seek to strengthen respect for democratic principles, the rule of law and good governance, human rights and fundamental freedoms, including the rights of persons belonging to minorities as enshrined in the core UN and Council of Europe Conventions and related protocols. The Council of Europe Action Plan should be taken into account when pursuing political dialogue and implementing reforms in the following areas:*

(i) Strengthening the stability, independence and effectiveness of institutions guaranteeing democracy and the rule of law in the Republic of Moldova, and in particular:

• *clarifying the competencies of the constitutional court and the appointment procedures of its members, in close cooperation with the Venice Commission;*

The draft Law on amending the Constitution was approved by the Government (Government Decision no. 1265 of 21.11.2016) and registered in the Parliament with no 506 from 22.12.2016. The amendments have the aim to guarantee the independence of the Constitutional Court judges and ensure stability of their mandate. Thus, the main changes proposed by the draft law refer to the subjects entitled to address the Constitutional Court and the mandate of the Constitutional Court judges.

• *reviewing in an inclusive manner the regulation of the process of electing the President (Article 78 of the Constitution), with a view to securing the separation of powers. A more comprehensive revision of the constitution is still needed in the long term, to prevent the resurgence of institutional deadlocks;*

Following the approval of the Decision of the Constitutional Court (no.7 of 4.03.2016) regarding the procedure of electing the President, the existing legal framework, including the Electoral Code has been amended by Law no. 147 of 15.07.2016 to introduce clear provisions on Presidential elections. The amendments to the Electoral Code were consulted and positively assessed by the Venice Commission.

Based on the provisions of art.22 of the Electoral Code, Central Electoral Commission has drafted amendments to several normative acts.

• *ensuring that parliamentary and local elections are carried out in a democratic way, in accordance with European standards, and that they address any shortcomings identified by the Organisation for Security and Cooperation in Europe / Office for Democratic Institutions and Human Rights (OSCE/ODIHR);*

Throughout the reporting period 3 round of elections were carried out in Moldova, including:

- Local Elections, 14 and 28 June 2015
- Parliamentary Elections, 30 November 2014
- Presidential Election, 30 October and 13 November (second round) 2016

An inter-institutional working group on amending the Electoral Code taking into account OSCE/ODIHR recommendations on Parliamentary Elections of 30.11.2014 and Local Elections of 14.06.2015 was created.

Following its set up, the working group had several meetings, during which the existing legal framework was analyzed, problems and gaps in electoral provisions identified, including the

electoral procedures applicable during the 2016 presidential elections, also taking into account the recommendations made by election observation missions .

The proposals will be systematized in a document, containing amendments to the Electoral Code, as well as proposals to amend the Code of Administrative Offences, the Law on the status of local elected officials and the Law on political parties. The document will also include an argumentation note for the proposals on amending and completing the electoral legislation. In developing these proposals the scope was to identify problems and gaps in the electoral process and address them by improving the legal framework.

By implementing its Strategic Plan for 2016-2019 (approved on 08.12.2015) the Central Election Commission (CEC) has committed to extend the on-line registration period for voters from abroad, used for the determination of the location of polling station, in order to increase the number of registered voters and to improve the transparency of the process.

In order to improve the procedures related to voters' registering system and to ensure it is fully automatic, CEC cooperates with relevant ministries and other authorities, holding state registers, in order to create an interoperability system among them. Also, for each ongoing election, CEC creates a special section with information of public interest that is completed periodically.

By CEC Decision no. 2674 of September 25 2014, was approved the Regulation on the preparation, management, dissemination and updating of Voters' Lists, subsequently amended. The Regulation guarantees to voters the possibility to check their data both in the premises of Electoral Bureau, as well as on the official CEC website.

In order to ensure correct and uniform application of procedures regarding electoral campaigning and to provide electoral competitors with sufficient number and size of places for posting electoral campaign materials, CEC has approved the Regulation on the way of placing the election advertising and political promotion on billboards, by the decision No. 3328 of 28 April 2015.

In its Final Report following 2016 Presidential Election, OSCE/ODIHR make the following statement *"The legal framework largely provides an adequate basis for conducting democratic elections. Amendments to the Election Code established the conditions for holding the presidential election and partially addressed some previous OSCE/ODIHR and Council of Europe recommendations, including with regard to out-of-country voting and measures to promote women's participation."*

- *pursuing the implementation of the decentralisation strategy, in compliance with the Council of Europe's European Charter of Local Self-Government (Council of Europe Treaty Series No 122);* The period for implementation of the National Decentralisation Strategy, adopted in April 2012, has been extended for an additional 3 years to 2018. In order to implement the National Decentralisation Strategy focus is on consolidation of local government units; increased inter-municipal cooperation; and improved capacities for human resource and financial management at local level.

- *upgrading the legal framework for financing political parties and electoral campaigns in the light of the joint opinions of the OSCE/ODIHR and the Venice Commission and the recommendation made by the Group of States against Corruption (GRECO) on the transparency of party funding.*

On 9.04.2015, the Parliament has approved the Law No. 36 on amending and supplementing certain legislative acts (certain laws on political party financing). Subsequently, CEC ensured the adjustment of its legal framework to the new changes, by adopting the Regulation on the political parties and electoral campaign finance, Regulation on the procedure of placing of the electoral

publicity and political promotion on billboards, Regulation on coverage of the electoral campaign during the General Local Elections from 14.06.2015 and the Regulation on coverage of the electoral campaign during the General Local Elections from 30.10.2016.

On 23.12.2015, CEC has approved the Regulation on financing political parties activity, relying on international standards and practice of other countries in this field.

A the section on "Political parties financing" was created on CEC official web page, where political parties financial reports are placed, as well as extracts from the political parties founding acts/activity regulations regarding the amount of member fee and the payment methods, political parties donations' registers, as well as the subventions that will be allocated to the beneficiaries.

The financial reports placed on the CEC website and are checked and analyzed by the Commission. According to the legal norms, if political parties have not presented the financial management reports according to the deadline and format established by the Commission, including submitting incomplete report data, the responsible person will be sanctioned with a fine of 300 to 500 conventional units.

Additionally, CEC with the UNDP support has organized, on 2-3 June 2016, training for the representatives of political parties, on "Presenting the Regulation on financing the political parties and the procedure of completing the Financial Management Report". The event aimed at presenting the procedures and legal provisions on political parties financing, the correct application and compliance. In this regards, several informative materials were developed, including "Methodological guideline for completing the report on financial management" and "Methodological guideline on gathering, recording and reporting of party membership fees". The above mentioned materials have the aim to detail the provisions of Regulation on political parties funding, approved by the CEC Decision no. 4401 of December 23, 2015.

*(ii) Further reforming the justice sector, in particular ensuring the independence, impartiality, professionalism and efficiency of the judiciary, the prosecution, and law enforcement agencies, which should be free from political or any other undue interference, and intensifying the prevention of and fight against corruption in all its forms and at all levels. Some elements of the comprehensive reform of the justice sector may require constitutional amendments:*

• *ensuring the full functioning of the National Anti-corruption Centre, including by taking part in international cooperation against corruption;*

A system of assessment of the institutional integrity was established by the Law no. 325 of 25 December 2013, as modified by Law no. 102 of 21 July 2016. The system is meant to facilitate identification, assessment and elimination of the corruption risks within public authorities. Assessment is carried out by the Security and Intelligence Service for the Security and Intelligence Service itself and for the National Anticorruption Centre and by the National Anticorruption Centre – for all the other public authorities.

In order to clarify the delimitation of competences of the national public authorities involved in the anti-corruption activities 2 laws were adopted: Law no. 134 of 17 June 2016 and Law no. 152 of 1 July 2016. They made clarity with regard to the a) delimitation of mandates of the National Anticorruption Centre and National Integrity Authority on contravention cases, b) delimitation of the tasks in the criminal proceedings between the criminal investigation bodies, as National Anticorruption Centre and Ministry of Internal Affairs, and prosecutors.

Following a thorough analysis by the National Anticorruption Centre of the judicial practice on cases of corruption and money laundering, a draft law introducing dissuasive penalties for those types of crimes was submitted to the Parliament (Draft Law no. 268 of 15 June 2016).

On 26 October 2015 National Anticorruption Centre and European Anti-Fraud Office (OLAF) signed an administrative cooperation arrangement. In order to facilitate communication between OLAF and the relevant authorities of the Republic of Moldova the Government by its Decision no. 1365 of 19 December 2016 appointed National Anticorruption Centre as the main contact point for cooperation with OLAF. The decision entered into force on 23 March 2017.

- *ensuring the independence of the National Anti-corruption Centre, including in the appointment and dismissal of its director and deputy directors through an open, transparent and merit-based procedure clearly defined by the law, and in its oversight and accountability in operations;*

Via Law no. 180 of 22 October 2015 it was decided to return to the 2012 procedure for appointment and dismissal of the director and deputy directors of the National Anticorruption Centre. According to that procedure, the director and deputy directors are appointed by the Parliament following a competition organised by the Parliamentary commission on legal issues, appointments and immunities – for the director and by the director – for the deputy directors. Representatives of civil society and academia are involved in the competition as observers. Dismissal of the director is decided by the Parliament in a limited and exhaustively provided by law list of cases. Dismissal of the deputy directors is proposed by the director and decided by the Parliament.

According to the Law no. 1104 of 6 June 2002 on National Anticorruption Centre, National Anticorruption Centre is functioning under the civil society monitoring, parliamentary oversights and prosecutorial and judicial control.

The content of the civil society monitoring and parliamentary oversight was clarified by the Law no. 180 of 22 October 2015, ensuring reasonable harmony between independence and accountability of the National Anticorruption Centre.

Civil society monitoring is carried out via Civil Council of the National Anticorruption Centre, which is composed of 2 members from non-governmental organisations and 1 member from the Parliamentary commission on legal issues, appointments and immunities. Civil Council is represented in the College and Disciplinary College of the National Anticorruption Centre, having an advisory vote.

Parliamentary oversight is done by the Parliamentary commission on national security, defence and public order and Parliamentary commission on legal issues, appointments and immunities. National Anticorruption Centre submits its annual report to the Parliament and could be asked to participate at the parliamentary hearings.

- *reviewing current legislation that considers the permanent appointment of judges as an extension of the first appointment, for which judges should meet pre-established criteria;*

After a thorough analysis, the Government decided to promote appointment of judges until the retirement age instead of the existing system of initial appointment for 5 years and a possible further appointment until the retirement age.

The relevant amendments to the Constitution were approved by the Decision of the Government no. 430 of 11 April 2016, got a positive opinion of the Constitutional Court no. 6 of 19 April 2016 and were submitted to the Parliament on 3 May 2016 (draft no. 187.)

- *working towards strengthening the independence of justice-sector institutions, so that they are not subject to political or any other form of pressure from the administration, the government or the parliament; implementing a new system of disciplinary responsibility for judges, to ensure that they meet their responsibilities towards society;*

After a thorough analysis the Government decided to promote independence of judges via: a) applying for appointment of the judges of the Supreme Court of Justice the same procedure as for all the other judges, i.e. proposal by the Superior Council of Magistracy and appointment by the President of the Republic of Moldova, instead of the existing system of appointment of the judges of the Supreme Court of Justice by the Parliament following the proposal by the Superior Council of Magistracy; b) transfer to the level of Constitution of the existing legal provision allowing President of the Republic of Moldova to refuse only once a proposal of the Superior Council of Magistracy for appointment of a judge; c) transfer to the level of Constitution of the existing legal provision requiring to use objective criteria for decisions on appointment of judges; d) excluding Prosecutor General from the Superior Council of Magistracy.

The relevant amendments to the Constitution were approved by the Decision of the Government no. 430 of 11 April 2016, got a positive opinion of the Constitutional Court no. 6 of 19 April 2016 and were submitted to the Parliament on 3 May 2016 with no. 187.

At the same time in order to strengthen the independence of the prosecution the Superior Council of Prosecutors, as the prosecutors self administration body, got the crucial role in managing the career of the prosecutors and the procedure of appointment of the Prosecutor General was changed, from appointment by the Parliament following the proposal of the President of the Parliament for more than one mandate of 5 years to the appointment by the President of the Republic of Moldova following the proposal of the Superior Council of Prosecutors for a single 7 years mandate.

The abovementioned amendments to the national legislation on prosecution took the form of the 1) amendments to the Constitution (Law no. 256 of 25 November 2016 in force since 29 November 2016); 2) Law on prosecution no. 3 of 25 February 2016 in force since 1 august 2016; and 3) Law on specialised prosecution offices no. 159 of 7 July 2016 in force since 1 August 2016.

Law no. 178 on disciplinary liability of judges was adopted on 25 July 2014 and entered into force on 1 January 2015. The law reviewed the list of disciplinary infringements, extended the period during which a person could be recognised liable and established detailed provisions on disciplinary procedure.

35 disciplinary cases were started and 12 disciplinary sanctions were applied in 2015. 86 disciplinary cases were started and 13 disciplinary sanctions were applied in 2016.

- *reviewing current legislation relating to judges, prosecutors, lawyers and other legal professionals, to promote zero tolerance for corruption and prevent of all kinds of corrupt behaviour;*

Law no. 178 on disciplinary liability of judges was adopted on 25 July 2014 and entered into force on 1 January 2015. The law reviewed the list of disciplinary infringements, extended the period during which a person could be recognised liable and established detailed provisions on disciplinary procedure.

The new law on integrity is meant to unify and systematize all the rules on professional and institutional integrity, including for the legal professions.

Draft law on integrity no. 267 was submitted to the Parliament on 15 June 2016. It was adopted by the Parliament in the first reading on 28 July 2016.

- *moving forward on work to transfer the responsibility for pre-trial detention centres from the Ministry of Interior to the Ministry of Justice;*

By Parliament Decision no. 259 of 8 December 2016 it was decided to develop by 31 December 2017 a study and a policy concept on transfer of the judicial police from the Ministry of Internal Affairs to the Ministry of Justice.

- *reviewing current legislation to give the Superior Council of Magistrates the leading role in making decisions on allocating resources to courts;*

Law no. 514 of 6 July 1995 on organisation of the judiciary already provides for the leading role of the Superior Council of Magistracy in making decisions on allocating resources to courts, including the competence to propose draft budget directly to the Parliament and prohibition to decrease the adopted budget without the consent of the Superior Council of Magistracy.

Additionally, the Government decided to introduce in the Constitution provisions on a) mandatory consultation of the Superior Council of Magistracy with regard to the part of the state budget related to the courts, as well as on b) the right of the Superior Council of Magistracy to submit to the Parliament proposals on the funds necessary for the efficient functioning of courts.

The relevant amendments to the Constitution were approved by the Decision of the Government no. 430 of 11 April 2016, got a positive opinion of the Constitutional Court no. 6 of 19 April 2016 and were submitted to the Parliament on 3 May 2016 (draft no. 187.)

- *making progress on a comprehensive reform of the prosecution;*

A comprehensive reform of the prosecution was carried out in 2016. The main elements of the reform include: a) clarifying the role of the prosecution with a special focus on criminal proceedings, b) transformation of the system of specialised prosecution offices, Anticorruption prosecution office being maintained and Prosecution office for combating organised crime and special cases being established; c) strengthening the Superior Council of Prosecutors as the prosecutors self administration body having the key role for a prosecutor's career; d) changing the procedure of appointment of the Prosecutor General, from appointment by the Parliament following the proposal of the President of the Parliament for more than one mandate of 5 years to the appointment by the President of the Republic of Moldova following the proposal of the Superior Council of Prosecutors for a single 7 years mandate.

The abovementioned amendments to the national legislation on prosecution took the form of the 1) amendments to the Constitution (Law no. 256 of 25 November 2016 in force since 29 November 2016); 2) Law on prosecution no. 3 of 25 February 2016 in force since 1 August 2016; and 3) Law on specialised prosecution offices no. 159 of 7 July 2016 in force since 1 August 2016.

- *revising the legal framework on the National Institute of Justice, to modernise the training system in place for judges and prosecutors and improve the efficiency of its activities;*

By means of the Law No. 85 of 28 April 2016, which entered into force on 12 November 2016, the legal framework of the National Institute of Justice was amended, including the following elements:

a) introducing advanced ruled for selection of trainers, b) clarifying the rules for initial training, c) improving planning for continuous training, d) strengthening management of the National Institute of Justice, including director, deputy directors and the council.

- *Implementing a reform of the Ombudsman institution, in line with the Law on the Ombudsman endorsed by the government on 4 September 2013.*

A proper implementation of the Ombudsman reform remained a priority after the adoption of the new Law No. 52 on Ombudsman (April 03, 2014). In this context, on 3.04.2015 the Parliament has appointed the Ombudsman and on 04.08.2016 the Ombudsman for Children's Rights was appointed. A new Regulation on the organisation and functioning of the Ombudsman Office entered into force on October 2015, which allowed de facto to launch the reorganization of the institution.

Also, the draft law on amending the Constitution of the Republic of Moldova with provisions regarding the Ombudsman institution (approved by the Governmental Decision No. 374 of April 1, 2016 and registered in the Parliament under No. 175 of April 21, 2016) aims to ensure the independence of this institution from political fluctuations.

- (iii) *Ensuring respect for human rights and fundamental freedoms through comprehensive cooperation on the protection of human rights and fundamental freedoms. This cooperation will include work in the following areas, to:*

#### ***Human rights and fundamental freedoms***

- *Implement the National Human Rights Action Plan (2011-14), with a focus on the most vulnerable groups, and coordinate the planning and budget processes to allocate sufficient resources for effective implementation;*

The mechanism for monitoring and implementing the existing national human rights plan has been strengthened and a new action plan for 2017-2021 is being drafted. In this regard, on November 18, 2016, by the Decision of the Minister of Justice No. 1056 was created the Working Group for drafting the National Action Plan on Human Rights 2017-2021. The new national action plan will comprise also the previous actions from the National Human Rights Action Plan 2011-2014 that have not been realized until 2014.

The independent assessment of the implementation of the National Plan on Human Rights for 2004-2008 and 2011-2014 was made and the evaluation report prepared by CoE and UNHR experts was presented on 28.09.2016.

- *Ensure the full application of laws and regulations against discrimination on all grounds, including the Law on Ensuring Equality, and strengthen the capacity of the Council for Preventing and Eradicating Discrimination ('Equality Council');*

After the adoption of the Law on ensuring equality and establishment of the Equality Council, an electronic manual for training judges about prohibition of discrimination has been developed. In parallel, the National Institute of Justice and the Equality Council in partnership with OHCHR organised a series of trainings for judges and prosecutors to address and to rule on discrimination and equality issues.

Although it has been established quite recently, Equality Council has already made a screening of several laws and regulations from the perspective of non discrimination in the areas of social protection, education, ensuring the right to vote for persons with disabilities and ensuring the freedom of conscience, thought and religion. According to the Council's data the number of complaints and the files managed by the Council is constantly growing. Main reasons of complaints

received by the Council are based on disability (28.2%), gender (24.3%) and language criteria (12.6%).

In order to increase the legal empowerment of the population to reclaim the right to equality and non-discrimination, under the Law on ensuring equality, an information campaign "Caravan against discrimination" was organized. Thus, population of three cities Leova, Ialoveni and Soroca were informed about the phenomenon of discrimination.

During its activity, Council has identified impediments that need to be removed for a proper functioning, such as lack of investigative and sanctioning powers, weaknesses in the procedure of investigation the complaints etc. A working group was created to examine the legislative framework and draft proposals for amendments. The set of the amendments will be summarized and sent to Ministry of Justice to eliminate barriers identified in the Council's work.

*• Consider the recommendations made by the Council of Europe's structures and experts regarding compliance with the Framework Convention for the protection of national minorities, and implement them in agreement with these structures and experts;*

In June 2015, Moldova has presented the fourth periodic report on implementing the Framework Convention for the Protection of National Minorities. Following the report presented after the evaluation visit of a group of experts of the Council of Europe Advisory Committee on the Framework Convention IV, hosted on 15-18 March 2016, the 4<sup>th</sup> Opinion on Moldova was adopted on May 25, 2016. In January 2017, the Government has presented its comments on the above mentioned document.

Having the support of the OSCE High Commissioner on National Minorities, the national authorities have drafted the strategy on consolidation of interethnic relations for the timeframe 2017-2027 which was approved by the Government Decision nr. 1464 of 30 December 2016. The Strategy sets out the long-term objectives (11 years) and determines arrangements and national mechanisms for ensuring effective participation of national minorities in public life; providing them with necessary conditions to study and apply the state language; promoting national minority languages; consolidating interethnic concord; facilitating the intercultural dialogue; consolidating the sense of civic identity to the State of the Republic of Moldova; providing national minorities with access to information and mass media in their languages; promoting diversity in society.

Objectives outlined in the Strategy are to be put into practice gradually, in three stages, on the basis of action plans approved by the Government. National institutions are working on the first Action Plan for the implementation of the Strategy for 2017-2020 which will be submitted to the Government approval in May 2017.

In January 2016, the final evaluation report of implementing Roma Action Plan the Plan for the 2011-2015 period was undertaken and the conclusions/results were presented at a National Conference. Moreover, during the Conference, the draft of the new Roma Action Plan for the period 2016-2020 was discussed with representatives of the civil society. The new Action Plan on supporting the Roma population in the Republic of Moldova for the timeframe 2016-2020 which represents the principal policy instrument aimed at facilitating the Roma population integration in Moldova was adopted by the Government on 20.04.2016.

In the reference period, Moldova has conducted country-wide trainings and promoted activities in the field of protecting national minorities. Moreover, national authorities have organised around 465 activities including seminars, roundtables, trainings, exhibitions of fine arts and crafts for promoting national traditions, as well as about 440 activities promoting culture of ethnic minorities.

On 22 July 2016 the Parliament of the Republic of Moldova adopted a *Decision No. 190 on approval of the Declaration concerning acceptance of the Final Report of the International Commission for the Study of the Holocaust, chaired by Elie Wiesel*. Moldova has committed itself to take practical measures in social and educational field for the study of the Holocaust and organization of commemorative events. The above mentioned Declaration comes to strengthen national policies on reinforcing tolerance and combating all forms of discrimination, xenophobia and Anti-Semitism, as well as to contribute to the assumption of historical facts in order to strengthen social cohesion and human values.

In line the Parliament Decision, currently, the efforts are geared towards elaboration and adoption of an *Action Plan on Implementation of the Declaration concerning acceptance of the Final Report of the International Commission for the Study of the Holocaust, chaired by Elie Wiesel*. It will be the first of its kind for Moldova and corresponds to the practice of the European states regarding Holocaust education, research and commemoration. The draft Action Plan was elaborated in close cooperation with the line ministries with contribution from the Jewish Community and Roma associations of Moldova taking into account proposals and suggestions by the OSCE Office for Democratic Institutions and Human Rights.

- *Ensure the effective implementation of the UN Convention on the Rights of Persons with Disabilities;*

A constant progress has been ensured in terms of promoting the rights of persons with disabilities. In this respect, various measures have been undertaken to promote their social inclusion and deinstitutionalization.

The law on amending certain acts in order to align national legislation to Article 12 of the UN Convention on the Rights of Persons with Disabilities was drafted and approved in the first reading by the Parliament (3.11.2016). The innovative aspects of the draft law include the ways how adults or emancipated individual can get protection in case of diminishing personal faculties, physical or mental - such as contractual measures (non-judicial) and judicial protection measures.

However, the new law recognizes the institution's instructions as a protection measure; a more flexible system of sanctions for non-compliance on exercising the capacity in signing legal documents; stipulates the principle of symmetry between the civil capacity and civil procedure, establish formalities advertising protection measures judiciary and the right to marry the person, subject to certain conditions

- *Ensure the effective execution of judgments made by the European Court of Human Rights;*

A new Law No. 151 on the Government Agent to the European Court of Human Rights (ECtHR) was adopted on 30.07.2015. The Law provides for a revised mechanism to observe the ECHR in the RM, regulates the representation before the ECtHR and enforcement of the European Court decisions and judgments. It institutes government supervision over national authorities involved in the enforcement of the ECtHR decisions and judgements. To ensure the implementation of the Law, the Regulation on the procedure to enforce the ECtHR judgments has been drafted and adopted by the Government on 20.07.2016.

Thus, in 2014 the ECtHR issued 23 judgments and 48 decisions against the Republic of Moldova, in 2015 - 18 judgments and 18 decisions, in 2016 - 23 judgments and 22 decisions. The Republic of Moldova has executed all the judgments and decisions issued by the ECtHR in the mentioned timeframe

• *Maintain effective pre- and non-judicial mechanisms for dispute settlement, including in the field of human rights and fundamental freedoms;*

On July 03, 2015, Moldova has adopted a new Law No. 137 on mediation (entered into force, with the exception of some provisions, on August 21, 2015), which is currently being implemented. The law 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.

On July 29, 2016 was adopted the Law No. 211 on amending and supplementing certain legislative acts which aims to establish necessary conditions for the full implementation of the above-mentioned law as well as bring the related legal framework in line with the provisions of the Law on mediation

• *Continue to give access to information on citizens' rights and adequate legal solutions;*

In order to increase the legal empowerment of the population to reclaim the right to equality and non-discrimination, under the Law on ensuring equality, an information campaign "Caravan against discrimination" was organized.

A series of public awareness events about the need to fight discrimination and introduce non-tolerance of discrimination in the society were organized. During the campaign "Together against discrimination", the object was to urge the society not to tolerate discrimination; to promote the Hotline created by the Equality Council. Within the campaign, TV and radio advertisements, as well as web banners were developed, which promoted the message that all of us have equal rights and we have to be respected in the society.

Moreover, a range of seminars for promoting non-discrimination at local level were organized, particularly for the social assistance and family protection directorates. The examples brought by the participants and the practical analysis thereof have helped them acquire skills for identifying and preventing discrimination in the community, the workplace or the study place.

• *Promote and raise awareness of human rights and anti-discrimination in the judiciary, law enforcement and the administration.*

The Anti-discrimination Manual for Judges was developed in 2014. The topics on preventing and combating discrimination are included in the curricula for the training seminars for judges, prosecutors and other actors from the justice sector offered by the National Institute of Justice (NIJ).

With the view to provide methodological support for prosecutors responsible for investigating cases of torture and ill-treatment, methodological recommendations for effective investigation of crimes of torture, inhuman or degrading treatment, which involve people with intellectual and psychosocial disabilities were approved.

In the reference period, several awareness-raising activities aimed to inform the population, have been conducted, having a focus on the rights of victims, prevention policies and encouraging victims to address to the prosecutors. Additionally, video surveillance in all police stations has been ensured, in particular in detention sites and hearing rooms in order to exclude all forms of torture or ill-treatment.

### ***Freedom of expression***

• *Continue work on ensuring the freedom of expression and independence of the media, in line with Council of Europe recommendations;*

Important amendments to the Broadcasting Code were adopted by the Parliament, having the main purpose to reduce the monopoly on Moldovan media market. The new amendments state that a physical or legal entity can't hold more than 2 broadcasting licenses in the same territorial-

administrative district. According to the new code one legal entity can be an investor or a major shareholder of no more than one broadcaster of any type.

• *Set up a regular dialogue to exchange best practices on freedom of the media, media pluralism, decriminalisation of defamation, protection of journalist sources, and cultural diversity in the media.*

The observance of anti-discrimination policies is always monitored at the level of audio-visual communication and mass media.

Viable mechanisms were created to development of free, pluralistic and competitive audiovisual markets in Republic Moldova and to protect the public interest. A proof of this is the number of licenses and retransmission authorizations issued. The aim of the draft law on amending and supplementing the Audiovisual Code (voted in the Parliament on 26.02.2016) was to reduce media monopolization on Moldovan. New amendments provide that *"a natural or legal entity may hold no more than two broadcasting licenses in the same territorial-administrative unit or area without the possibility of holding exclusivity, and can be the major shareholder of no more than two broadcasters"*.

The amendments will lead to the reduction of media concentration, to the diversification of media sources on Moldovan market and will increase the pluralism of expression in the country. Moreover, the broadcasters currently holding more than two broadcasting licenses were offered the possibility to work until the expiry of their licenses, thus avoiding the liquidation of some broadcasters.

### **Civil society cooperation**

• *Involve civil society organisations, in particular representative employers' organisations and trade unions, in collecting information and monitoring policies.*

In order to stimulate a proactive attitude and involvement of civil society, national authorities focused on consolidating the permanent cooperation mechanism in order to ensure the transparency and engagement into the decision making process. Important actions in this sense include: approval of the mechanism for public consultations with civil society in the decision making process (Governmental Decision No 967 of 09.08.2016); implementation of the mechanism to consult the representatives of Diaspora on draft laws; adoption of the "Law on 2%" (redirect 2% of taxes to the NGO's); update of the Regulation on the National Participation Council (Governmental Decision No 1430 of 28.12.2016).

During the year 2016, the Parliament and Government along with representatives of civil societies organized a series of talks and consultations in order to define the best option in ensuring the cooperation mechanisms on decision making processes. Thus, the decision was taken to renew the activity of the National Participation Council at governmental level and to continue the mechanism of collaboration with Parliament by means of developing a new strategy of cooperation of the civil society. At Parliament level, at the end of year 2016 a working group on analyzing the suggestions to modify the national legislation on transparency was created. Also, in November 2016 a trilateral working group comprising representatives from Government, Parliament, civil society and development partners was initiated in order to revise the Development Strategy of Civil Society for the period 2012-2015. The working group is conducting its work under 3 subgroup. At governmental level, in January 2017 a public call was launch for membership in the National Participation Council. The 25 members, who will be elected in the Council, will conduct their work in 5 working groups.

At governmental level, efforts were undertaken to facilitate cooperation between NGO's, business associations and trade unions in order to create and launch the EU-Moldova Civil Society Platform. The 1st meeting of the Platform took place on May 10, 2016. In order to ensure the involvement of the civil society in implementing the Association Agreement, in September 2015 public access was offered to the data base containing real time reports on the implementation of the National Action Plan on implementing the Association Agreement.

### ***Trafficking in human beings***

- *Approve and implement the National Action Plan on preventing and combating trafficking in human beings (2014-16);*

The National action plan on preventing and combating trafficking in human beings for the period 2014-2016 comprised 120 actions and targeted areas as prevention, assistance and social protection, investigation and prosecution, as well as international cooperation. The anti-trafficking community successfully implemented 103 actions and 12 were partially realized. During the period 2014-2016 approximately 300 victims were assisted and 425 criminal cases were registered (90 of which involving children). Also, a lot of efforts have been undertaken to enhance the capacities of Territorial Commissions for combating trafficking in human beings and to promote information and awareness activities (counting more than 25 thousands measures).

As of 2017, the national authorities decided to promote the policy of THB in one single strategic document. Thus, the new National Strategy for preventing and combating Trafficking in Human Being for the period 2017-2022 will combine the national referral system for protection and assistance of victims and potential victims of human trafficking with the criminal component of the THB. Furthermore, a National Action Plan will be drafted, that will contain actions, under which it will be possible to analyse and assess the impact of the Strategy.

- *Deepen cooperation on trafficking, in the framework of the relevant international organisations (OSCE, UN).*

The anti-trafficking community established good relations with international partners on promoting priorities of the policy on THB. Along with representatives from NGO's, the development partners (OSCE, IOM, ICMPD) assisted Moldovan authorities in organizing information and awareness campaigns, developing capacities to assist victims and potential victims of THB, organize repatriation missions, train personnel which deal with social protection and those who combat criminal offence related to THB. A lot of attention was given to enhance capacities at local level and to organize study visits, workshops on exchange of good practices in preventing and combating THB. Moreover, a set of activities was undertaken in order to create a platform of collaboration between national local authorities and local NGO's.

In 2015 a delegation of the CoE's Group of Experts on Action against Trafficking in Human Beings (GRETA) carried out an evaluation visit to the Republic of Moldova, thus issuing an evaluation Report (II<sup>nd</sup> round) on assessing Moldova's progress in implementing the CoE Convention on Action against Trafficking in Human Beings. The recommendations of the GRETA Report have been endorsed at high level by the National Committee on Combating THB and were added in the Strategy for the next period of implementation.

International partners also contributed strongly to developing the concept of the single strategic document in preventing and combating THB, developing a pilot concept for monitoring and evaluation the national policy with regards to THB and implementing the integrated electronic system on data collection based on standardized forms.

### ***Ill-treatment and torture***

- *Put in place a comprehensive policy framework to prevent and combat impunity based on the guidelines on eradicating impunity for serious human rights violations (Council of Europe, 2011);*

The Law No. 137 of July 29, 2016 on the rehabilitation of victims of crimes establishes a system of measures for the safeguard and respect of the rights and interests of victims of crimes (minimum conditions for the rehabilitation of victims of crimes and providing support services for these subjects).

Preventing and combating torture and other ill-treatment continued to be a priority for Moldova, included in the national policies and international agreements, under which efforts are made to discourage the phenomenon of torture and other ill-treatment. With the view to provide methodological support for prosecutors responsible for investigating cases of torture and ill-treatment, methodological recommendations for effective investigation of crimes of torture, inhuman or degrading treatment, which involve people with intellectual and psycho-social disabilities were approved.

Awareness-raising activities aimed to inform the population, have been conducted, having a focus on the rights of victims, prevention policies and encouraging victims to address to the prosecutors.

- *Effectively address any reported ill-treatment of detainees by law enforcement officials, in particular in pre-trial detention.*

The number of complaints of torture and other ill-treatment received by the General Prosecutor's Office shows a decreasing incidence.

Additionally, video surveillance in all police stations has been ensured, in particular in detention sites and hearing rooms in order to exclude all forms of torture or ill-treatment.

### ***Children's rights***

- *Implement the relevant provisions of the National Human Rights Action Plan, including working to enforce children's rights.*

The protection and promotion of children's rights is one of Moldovan's authorities priorities, efforts focused on cultivating an environment free of violence at school, within the family and in society; on improving the mechanisms of analysis and assistance for children at risk, inclusively by improving public authorities capacities to offer qualitative judicial services; on reducing child abandon, ensuring the right to education and offering support to children in disadvantaged situations; on ensuring children's involvement in decision making processes; on preventing school dropout and development of inclusive education; on creating extracurricular educational programs; on eliminating all forms of abuse against children and ensuring the right to education for all children, especially those from vulnerable categories.

An important step towards consolidating the national institution for protection of human right was the appointment of the Ombudsman for protection of children's rights (Parliament Decision No 61 of 08.04.2016). Concurrently, legal modifications were operated in order to prevent and combat the abuse and sexual exploitation of children, to consolidate the capacities in order to ensure social benefits for children and exclude cases of detention of children which can be re-educated.

Other important measures were: Approval of action plans on preventing and combating school dropout and absenteeism; on implementing the Development program for an inclusive education during the period 2011-2020; on implementing the Strategy on child protection for the years 2014-2020; Regulations on early intervention services and their minimum standards; review of the Regulation on functioning of the Commission for protection of children in difficulty.

The activity of the National Consultative Council of Children in the area of social protection was launched. Authorities developed the free phone support service for children "Child Line" and initiated Social Support Services for children at risk: for families with children; foster care; community home for children at risk and day care centre for children at risk.

The capacities of public authorities to handle cases involving child victims/witness and children in conflict with law were augmented by approving a series of regulations, instructions and minimum quality standards.

### ***Domestic violence***

*• Ensure full implementation of the existing legislative framework on domestic violence. Equal treatment*

At national level, legal expertise on the draft law for preventing and combating domestic violence was performed. In addition, specific legal acts have been developed and adopted, including the law on signing the CoE Convention on preventing and combating violence against women and domestic violence (signed on 6.02.2017), as well as the law for harmonizing the national legislation to the provisions of the Istanbul Convention (signed on 28.07.2016).

According to amendments (that will enter into force from 16 March 2017) on Law no. 45 of 01.03.2007 on preventing and combating domestic violence made last year, a new mechanism for protection the victims on domestic violence was introduced, called "emergency restraining order". It is a measure that applies the police immediately on the spot.

Ministry of Interior carried out several trainings for officers and criminal investigators with a special focus on preventing and protecting cases of domestic violence. A Practical Guide on effective intervention of the police in cases of domestic violence was adopted. Also, have been conducted 16 training courses for approx. 500 police officers, organized by the Council for the Prevention and Elimination of Discrimination and Ensuring Equality jointly with the Foreign Policy Association and the US Embassy in Moldova, both at central and territorial level.

*• Enhance gender equality, ensure equal treatment between women and men in social and economic life, including in the law enforcement sector, and introduce practical measures to address the gender pay gap;*

*• Promote women's participation in decision-making and public and political life, and carry out targeted activities in these areas.*

In order to harmonize national legislation on equal treatment between women and men, several amendments to 16 legislative acts, including to the Law on ensuring equal opportunities for women and men, were approved.

The new amendments promote a minimum share of 40% representation for both sexes in public, political and decision making fields. In order to ensure the principle of gender equality new conditions for registration of political parties were approved, which have the aim to promote equal rights and opportunities between their members- women and men for representation in the governing bodies and candidate lists, amending the Electoral Code, the Law on political parties and the Law on equal opportunities for women and men. Also the amendments provide penalties for non-compliance of the parties with the requirements of the Electoral Code, as the refusal to register lists of candidates by the respective electoral body.

Moreover, the institutional mechanisms for assuring equality between women and men was strengthened both at central and local level. In this context, at the central level a working group on

gender issues was established, aiming at ensuring a complex approach to equality between women and men in policies and programs in all areas and at all the levels starting with adoption till the implementation of decisions. The group is formed by gender coordinators from analysis, monitoring and evaluation policy divisions, established in every central public administration authority. At the local level of administration, responsible for assuring and implementing gender policies are the mayor and the gender unit represented by the local council's secretaries.

• *Ensure harmonisation with European standards as regards health and safety rules, rules on maternity leave, and rules on the reconciliation of parental and professional responsibilities;*

In order to harmonize the national legislation, amendments regarding the paternity leave to the Labour Code were approved. Changes made to the Article 124 and 124<sup>1</sup> from the Labour Code will ensure the reconciliation of the family, offer the possibility to request the leave both to women and men and to ensure harmonious growth and development of the child. During the paternity leave, employees receive an allowance which can't be less than the average salary, which is paid from the social insurance fund.

#### ***Trade union rights and core labour standards***

• *Continue work to ensure that trade union rights and core labour standards are upheld in accordance with European standards and International Labour Organisation (ILO) conventions.*

The Government of the RM continuously improves the communication with trade unions. During 2014-2016, at least 14 draft laws in the area of social protection, equality were consulted with Labour Unions.

#### ***Anti-corruption and administrative reform***

• *Address the prevention of and fight against corruption at all levels of society, especially high-level corruption, in particular cases involving high-level officials or large-scale damage, and implement the relevant recommendations of the Council of Europe Group of States against Corruption (GRECO);*

National Anticorruption Center has been carrying out corruption prevention activities to identify and remove the factors of corruptibility in the draft laws and regulations, corruption risk assessment in public institutions, professional integrity testing of public officials. National Anticorruption Center also has organised educational activities, such as anticorruption social campaigns.

During 2014 – 2016, NAC reviewed 2.853 draft regulatory acts (909 in 2014, 874 in 2015 and 1.070 in 2016), out of which:

- opinions were drawn up in respect of 600 drafts during the consultations held by the authors on the development
- 2.179 drafts were subject to corruption proofing, expert review reports being prepared.

The reports of the anticorruption expertise, aim at verifying whether the public interest is respected by the authors of the normative acts, if there are promoted private interests and if these interests are compatible with the public interest, which improves the quality of the legislative process at national level which is in the benefit of the citizens.

A case study on promoting private interests in the draft normative and legislative acts subject to anticorruption expertise, for a period of six years, 2010 – 2015, was developed. It showed that the amount of damage that was prevented with the help of expertise is 190.547.568 Moldovan lei.

During 2014 – 2015, 12 risk assessments were carried out in public institutions.

In addition, in the first half of 2015 National Anticorruption Center monitored implementation of the

integrity plans approved in 2014 following the corruption risk assessment in the Ministry of Defense, Ministry of Foreign Affairs and European Integration, Customs Service (post-clearance audit sector) and three public medical and sanitary institutions: Centre Territorial Medical Association, Municipal Clinical Hospital No. 1 and Mother and Child Institute.

During 2016, corruption risks assessment was carried out in 7 public entities, as well as with regard to the national public procurement system. These actions resulted in the development of the Report on corruption risks assessment within the national public procurement system, with relevant recommendations in order to eliminate these risks. An innovation aspect for this sector represented the System of fraud and corruption indicators applied during the entire procurement process, known as Red Flags indicators.

During 2014 – 2016 1.731 anticorruption training sessions were conducted for a total of 83.205 persons, including public officials, students/pupils and other categories.

The draft Law on integrity, adopted by the Parliament in the first reading in July 2016 proposed to unify the standards on corruption prevention and integrity within 3 sectors: political, public and private. The draft law envisaged the minimum standards for cultivating integrity within the public institutions based on the national and sectorial anticorruption policies by fixing the responsibilities of the management of the public entities and public agents. At the same time, the draft law stipulated the role of the national specialised anticorruption authorities in strengthening and controlling the implementation of the measures to ensure the integrity and provides the sanctions for the lack of integrity.

In 2014 - 2015 531 criminal cases on corruption on 674 persons were submitted to the courts. Out of 674 persons 48% were from law enforcement agencies and justice sector, 20 - from central and specialised public administration, 13% - from local public administration, 9% - from medical sector, 6% - from education, 4% - from banking and fiscal sectors. In 2014 - 2015 5 cases of corruption committed by ministers and deputy ministers were identified, 8 - by heads and deputy heads of national agencies, 51 - by heads and deputy heads of autonomous public institutions and heads and deputy heads of departments within the public authorities, 24 - by mayors, 17 - by judges and 3 - by prosecutors.

During 2016 Anticorruption Prosecution Office submitted to the court 78 criminal cases with regard to 111 persons (including 48 representatives of the Ministry of Internal Affairs system, 3 representatives of the National Anticorruption Centre, 4 prosecutors, 1 lawyer, 1 judge and 1 bailiff). Within the same period to the court there were submitted 259 criminal cases, managed by the National Anticorruption Centre under the control of the Anticorruption Prosecution Office, with regard to 325 persons (including 40 representatives of the Ministry of Internal Affairs system, 5 representatives of the Customs Service, 4 lawyers, 1 bailiff, 33 representatives of the local public administration, 8 representatives of the central public authorities, 19 representatives of the state owned enterprises).

Unit for fight against high level corruption was established within the National Anticorruption Centre in 2015. After the transfer of the high level corruption competences to the Anticorruption Prosecution Office, the entity was transformed into the asset recovery unit.

- *Implement the National Anticorruption Strategy 2011-15 and the Action Plan for 2014-15, in close cooperation with civil society and international organisations;*

The progress on implementation of the National Anticorruption Strategy for 2011 – 2016 was satisfactory, the majority of actions being fulfilled: 87% – implemented, 9% – partially implemented, 4% – not implemented.

According to the independent assessment of the implementation of the National Anticorruption Strategy for 2011 – 2016, carried out by the NGO Center for Prevention and Analysis of Corruption, the main areas of progress were:

- more uniform judicial practice and significantly reduced discretionary application of criminal law for easing the situation of persons sentenced for corruption; such non-dissuasive judicial practices as replacing criminal liability with administrative one, treating the plea-bargaining agreement by the defendant as an exceptional circumstance of acknowledging the guilt for which the sentences below minimum thresholds were applied – were practically excluded;
- effective implementation of the national anticorruption telephone lines system;
- enhanced regulatory framework in the area of public procurement;
- strengthened political parties' financing rules, in accordance with the Council of Europe recommendations;
- extending the use of electronic systems and platforms within operational processes of various public institutions, i.e.: Integrated Case Management Programme within the judicial system, electronic customs clearing within the Customs Service, road traffic supervision within the police etc.;
- stricter monitoring of processes within the educational system (video surveillance of final exams);
- increased integrity standards and improved guarantees for the authorities involved in combating corruption (judges, prosecutors, National Anticorruption Center);
- increased transparency in the public administration.

*• Strengthen coordination and information exchange between the authorities responsible for the prevention and fight against corruption, including by establishing clear working arrangements between the National Anticorruption Centre and the National Commission for Integrity;*

In order to clarify the delimitation of competences of the national public authorities involved in the anti-corruption activities 2 laws were adopted: Law no. 134 of 17 June 2016 and Law no. 152 of 1 July 2016. They made clarity with regard to the a) delimitation of mandates of the National Anticorruption Centre and National Integrity Authority on contravention cases, b) delimitation of the tasks in the criminal proceedings between the criminal investigation bodies, as National Anticorruption Centre and Ministry of Internal Affairs, and prosecutors.

In order to facilitate communication between OLAF and the relevant authorities of the Republic of Moldova the Government by its Decision no. 1365 of 19 December 2016 appointed National Anticorruption Centre as the main contact point for cooperation with OLAF. The decision entered into force on 23 March 2017.

*• Put in place a functional framework for carrying out efficient financial investigations and asset recovery;*

In order to align national legislation to the EU Directive no. 2015/849 of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, the Government submitted to the Parliament draft Law on preventing and combating money laundering and terrorism financing no. 22 of 3 February 2017.

In order to strengthen the national asset recovery system, draft Law on Illegal Assets Recovery Agency no. 442 was submitted to the Parliament on 28 November 2016. It was approved by the Parliament in the first reading on 15 December 2016.

- *Implement an operational and reliable system for transparency and verification of public officials' wealth and interests, to prevent and address the issue of unjustified wealth and potential conflicts of interest, by strengthening the role and operational capacity of the National Commission for Integrity.*

In 2016 comprehensive reform on integrity and conflict of interests took place. Law no. 132 of 17.06.2016 on National Integrity Authority and Law no. 133 of 17.06.2016 on declaration of personal wealth and interest entered into force on 1 August 2016.

The Law no. 132 aimed a) to contribute to streamline the activity of the National Integrity Commission transforming it into the National Integrity Authority (NIA), b) to provide institutional and operational independence of the NIA, c) to increase the NIA credibility by strengthening the mechanism for verifying the declarations of income and property, declarations of personal interests, as well as enforcing the legal regime of conflict of interest, incompatibilities and restrictions during their mandate, public position or public office.

The Law no. 133 aimed, inter alia, to reform the current mechanism on declaring income, property, personal interests and conflicts of interest by systematizing the provisions related to these areas in a single legislative act, avoiding in this way, the duplication of the required information from subjects of law and wasting resources, including human ones.

On-line system for submission of the declarations of wealth and interests, available for the holders of a digital signature has been operational since February 2017.

### ***Administrative reform***

- *Continue with the reform of the public administration, with a view to building an accountable, efficient, transparent and professional civil service;*

In 2016, the Republic of Moldova has made substantial progress in the area of Public Administration Reform (PAR), which became an absolute priority for the Government. Both the Public Administration Reform Strategy (Governmental Decision no. 911 of 25.07.2016) and the Action Plan for its implementation for the period 2016-2018 (on 01.12.2016) were approved by Government. Therewith, was approved the creation of the Center for Reform Implementation (Governmental Decision no. 18 of 11.01.2017). This new Center will monitor and support the implementation of the Action Plan for the PAR. The reform will result in the structural and functional change of the Government (ministries, departments, agencies).

Another aspect of the reform is focused on increasing the efficiency of the agencies and control bodies. By the Law no. 230 of 26.09.2016, the list of control bodies was revised. An important provision is linked to the institutional reform by which is proposed a list of 13 control bodies (including identification of the control area), and a list of 5 existing authorities (for which the law will be applied partly). Currently, in RM function 64 control and regulatory bodies, and following the reform their number will be decreased to 18. Meanwhile, will be performed the public service modernization process, creating the electronic one-stop shop for permissive documents.

## 2.2 Foreign and security policy

Dialogue and cooperation in the field of the Common Foreign and Security Policy (CFSP) aim at gradual convergence, including on the Common Security and Defence Policy (CSDP). In particular, they will address security, conflict prevention and crisis management issues, regional stability, disarmament, non-proliferation, arms control and export control. Cooperation in this area will be based on common values and mutual interests, and will aim to increase policy harmonisation and effectiveness, making use of bilateral, international and regional fora. It will include work to:

- *develop cooperation on EU sanctions;*

In the last years Moldova increased considerably the alignment with the majority of the CFSP declarations and common positions on security-related issues. MFAEI monitors the implementation of those restrictive measures and receives quarterly reports from stakeholder institutions. None of the irregularities have been detected so far.

Additionally, for the purposes of creating a distinctive legal framework as to the application of international sanctions, the *Law on international restrictive* was adopted on 4.03.2016 (entered into force in May 2016).

- *strengthen practical cooperation on conflict prevention and crisis management, by facilitating the Republic of Moldova's participation in EU-led civilian and military crisis management operations, and provide consultation and training activities in the CSDP area (on the basis of the Framework Participation Agreement in force from 1 July 2013 and the multilateral framework of the Eastern Partnership Panel on CSDP);*

Promoting cooperation and participation in the Common Security and Defence Policy (CSDP) of the EU remains a priority for Moldova.

Since the entry into force of the Framework Participation Agreement in July 2013, Moldova has been always eager to contribute and responded positively to EU invitations to participate in the EU-led crisis management missions and operations. Our first ever participation in such a mission, i.e., in *EUTM Mali in 2014*, proved to be very useful in terms of acquiring valuable experience for institutional capacity building and structural development in the national security and defence sector. Moreover, we are pleased with our input to the joint efforts provided in the framework of the *EUMAM Mission in the Central African Republic*. Starting with 20 October 2016 a Moldovan expert was deployed to assist the European Union military mission in training of the Malian Armed Forces.

An important achievement was the adoption of the Law on Moldova's participation in international missions and operations (entered into force in February 2016). The new law has strengthened the legal framework in the field, providing for detailed rules for the future postings in crisis management missions and for capacity building of relevant national institutions.

The high number of CSDP educational events organized inclusively for Moldovan experts contributed to improving capacities of relevant national institutions and increases the interoperability of national services with those provided by EU MS.

- *launch and conclude negotiations on the Agreement between the European Union and the Republic of Moldova on security procedures for the exchange of classified information on CSDP-related issues, as a follow-up to the Agreement between the Republic of Moldova and the European*

*Union establishing a framework for the Republic of Moldova's participation in EU crisis management operations, in force since 1 July 2013.*

As a follow up to the signing of the Framework agreement regarding Moldova's participation to the EU crisis management missions, internal procedures were launched aimed at negotiating the signing the Moldova-EU Agreement on security procedures for the exchange of classified information, to be signed on the margins of the Association Council (to be held on 31 March 2017). The provisions of this agreement shall enable an exchange of classified information/documents also in electronic format between EU and Moldova (except documents marked as "top secret").

***Terrorism, non-proliferation of weapons of mass destruction (WMD) and illegal arms exports***

*• cooperate with a view to strengthening international consensus on the human-rights based fight against terrorism, including on the legal definition of terrorist acts, by promoting agreement on the Comprehensive Convention on International Terrorism, and continue to improve the legislative and regulatory national framework in the area of fighting terrorism;*

The draft of the law on preventing and combating terrorism was drafted and approved in the first reading by the Parliament. With the view to ensure security on the national level, the Government has approved the law on foreign intelligence and counterintelligence activities.

Moreover, in order to develop the inter-institutional cooperation on regional and international level, the draft law on ratification of the Additional Protocol to the CoE Convention on preventing terrorism was drafted and voted in the first reading by the Parliament (16.12.2016).

National authorities have developed the guidelines on "potential terrorist profile" for the use in the activity of law enforcement officials. In addition, an "anti-terrorist" guide was approved and submitted to all diplomatic missions of Moldova.

*• exchange information on terrorist organisations, groups, their activities and their support networks, in accordance with international law and the legislation passed by the parties/ continue to strengthen institutional capacity by adopting the best international practices and experiences in the field of fighting terrorism;*

The subunits of the SIS are exchanging information on terrorist organisations, groups, their activities and their support networks with partners on a permanent manner.

*• develop ways of working together on the fight against arms trafficking and the destruction of stockpiles;*

In order to comply with the Agreement's provisions relating to arms control, the Regulation on the regime of weapons and ammunition intended for civil use was adopted and the Moldovan Parliament ratified the Arms Trade Treaty.

Meanwhile, relevant national institutes are working on drafting the legislative/regulatory framework necessary for the establishment and operation of an effective export control system on national level that will give the possibility to monitor both exports and transit of goods related to weapons of mass destruction and will provide effective sanctions for breaches of the exports regime.

*• develop ways of working together and exchanging information on detecting and tracking illegal weapons;*

On 30.03.2015 Moldova has gained access to the i-ARMS INTERPOL database (INTERPOL Illicit Arms Records and tracing Management System) that offered the possibility to exchange data on arms trafficking by monitoring the circuit of weapons, both legal and illegal, and created prerequisites in finding weapons used in crimes on the territory of other states.

*• cooperate on and contribute to countering the proliferation of WMDs and related materials, as well as their means of delivery, through full compliance with and national implementation of the parties' current obligations under international disarmament and non-proliferation treaties and agreements, and other relevant international obligations/set up an effective system of national export and transit control of goods related to WMDs, including a WMD-end-use control on dual-use technologies, with effective penalties for breaches of export controls;*

International cooperation on countering the proliferation of WMD's has been further enhanced. The MoD representatives have participated to the training course on "International Investigation dual use" - event organized by the US Department of Defence on the margins of international non-proliferation Programme.

With a view to exchange experience, streamline joint efforts to combat terrorism, dissemination of best practices and training of employees, national institutions have launched collaboration with competent authorities from Canada, Qatar, Russian Federation.

A new Arms and Ammunition Centre was created in 2015 within the National Army (CAMAN) which will train not only for the militaries of the National Army but also for the representatives of relevant institutes from state security and defence system.

*• cooperate on risk-based customs controls that ensure the safety and security of goods that are imported, exported, or in transit;*

Moldovan Customs applies selectivity criteria and X-Ray scanners to ensure efficient control, suppress smuggling of weapons, ammunition and drugs. Also, customs officers benefited from training course as to use of the equipment donated by U.S. Department of State within the Export Control and Related Border Security Program

*• tackle the illicit trade in small arms and light weapons, including their ammunition, under current international agreements and UN Security Council resolutions, and commitments under other international instruments applicable in this area;*

During the period of reference, the RM Intelligence Service managed to implement the UN Security Council Resolutions on the matter, as well as the conventions and international instruments applicable to through the continuous updating of the lists of persons, groups and entities belonging to or associated with Taliban and al-Qaida organization maintained by the United Nations Security Council and the list of persons, groups and entities involved in terrorist activities, approved by the Common Position 2001/931/ CSDP on the European Union Council as of 27 December 2001.

*• continue to cooperate in the area of conventional arms export control, in light of the EU's common position on control of exports of military technology and equipment.*

In 2016, the process of amending the legislation related to strategic goods (including conventional arms) was initiated (Law nr.1163 from 26.07.2000 on export control). At the same time the updated version of Control list was elaborated in accordance with EU legislation, and it is planned to be introduced during 2017.

### ***The Transnistrian conflict***

*• maintain the parties' constructive participation in the OSCE-led negotiation process aimed at settling the Transnistrian conflict;*

Close cooperation with key international partners has continued. In 2016, 478 meetings of the Deputy Prime Minister for Reintegration and the chief of the Reintegration Bureau were organized with the participation of international partners' representatives. Out of the 208 meetings, 20 sessions were focused on joint activities with the OSCE Mission (including preparations for organizing a

visit in the "3+2" format (mediators and observers), relaunching of the official meetings in the "5+2" format and promotion and protection of human rights in the Transnistrian region.

*• maintain effective cooperation between the EU and the Republic of Moldova on settling the Transnistrian conflict, within agreed formats, including consultations on post-settlement arrangements;*

Maintaining an open and functional dialogue in a constructive manner, with the aim to advance negotiations on the Transnistrian conflict settlement (finding a lasting political solution to establish a special legal status for the Transnistrian region) continued to be high on Moldovan authorities' agenda.

In the reference period, three officials meeting in the "5+2" format, 2 meetings between Prime Minister of Moldova and the Transnistrian leader, 31 meetings of political representatives from Chisinau and Tiraspol, 87 meetings of the working groups on confidence building measures through which were signed 11 relevant sectoral documents and 127 working sessions of the Joint Control Commission took place.

The Confidence Building Measures Program is being successfully implemented by signing on March 26, 2014 between Government of Republic of Moldova and European Union a new financing agreement for a period of five years worth 28 mln. Euro, in order to build confidence through joint initiatives, involving local administration, civil society organizations and other relevant stakeholders from Chisinau and Tiraspol.

*• strengthen dialogue, with the aim of explaining the benefits of the Association Agreement and ensuring its applicability in the entire territory of the Republic of Moldova;*

As of 1st of January 2016, following an Association Council Decision the DCFTA is applicable to the entire territory of the RM. In addition, a working group has been created, composed by experts from different authorities, in order to facilitate exchange of experience and assistance in implementing and enforcing DCFTA in the region and promotion of trade relations with EU. The working group has drafted an action plan that provides cooperative measures which will facilitate the trade with the EU offering technical and financial assistance from European partners.

During 2014-2016 5907 certificates of origin EUR.1 were issued to economic agents from the transnistrian region on export to EU. Thus, following the application of AA/DCFTA and mainly due to its tax and customs incentives a more dynamic process of registration of transnistrian companies with Moldovan official authorities was noted. As of 1<sup>st</sup> of march 2017 - 2359 entrepreneurs from the eastern part of the country are registered with the State Registration Chamber. For comparison, in 2013 this figure was 996, in 2014-1312 and in 2015-1755.

*• continue constructive dialogue with all relevant counterparts on border issues pertaining to the Transnistria conflict.*

With a view to make the crossing of Moldova's and Ukraine's common border easier and faster, on 4.11.2015, on the margins of EUBAM Advisory Board meeting, two new agreements on border cooperation were signed. The first agreement provides for a joint control at the border crossing point Pervomaisc – Kuciurgan. As a long term goal, this agreement should contribute to streamline the traffic of goods, persons, services and the opening of international transport corridors through Transnistrian region. The second important document signed refers to the approval of the Action Plan of the EU Border Assistance Mission for the years 2016-2017 which presents the EUBAM's priorities for the second year of its current mandate and the future, after conclusion on 11.30.2017.

During 2014-2016, seven meetings of the Joint Commission on demarcation of the Moldovan-Ukrainian border took place both in Chisinau and Kiev, with participation of representatives from Tiraspol. A plan for completion of demarcation of the state border was approved, according to which on 1222 km of the common border the demarcation was fulfilled, although remains to discuss the demarcation in the region Novodnestrovsk-Giurgiulești.

### ***The International Criminal Court***

*• implement the Rome Statute of the International Criminal Court and its related instruments, with due regard to preserving its integrity.*

National authorities drafted amendments to the regulatory framework in order to ensure effective cooperation with the International Criminal Court. Also, legal recommendations have been drafted on amending the Criminal procedure code and the Law on international mutual legal assistance in criminal matters to bring it in line with the Roma Statute of the International Criminal Court.

A feasibility study on the need for alignment of national legislation Agreement on Privileges and Immunities of the International Criminal Court has been developed. The draft law on the accession of the republic of Moldova to the Agreement on Privileges and Immunities of the International Criminal Court has been approved by the Government (8.11.2016) and sent to the Parliament. On March 03, 2017, the Parliament adopted the Law No. 13 for the Republic of Moldova's accession to the Agreement on Privileges and Immunities of the International Criminal Court.

During 2015-2016, the General Prosecutor Office had received two requests from the ICC for delivering information on criminal cases involving Moldovan citizens or other persons with Moldovan jurisdiction committed on the territory of Georgia and the Central African Republic, which may constitute crimes falling under art.5 of the Rome Statute of the ICC (e.g. crimes of genocide, against humanity, war crimes, crimes of aggression).

No cases of investigation were registered regarding the subject of the request. During the first months of 2016, the General Prosecutor Office has received 12 applications for international legal assistance in cases of: organized crime – 1, money laundering – 5, illegal migration – 1, cyber crimes – 4, terrorism – 1, which are currently under examination.

## 2.3 Cooperation on justice, freedom and security

### *Protection of personal data*

- *continue implementing the legislative framework and ensure a high level of protection of personal data, in accordance with European instruments and standards;*

In January 2015, the National Center for Personal Data Protection of the Republic of Moldova (Center) approved Guidelines on processing of personal data in the field of education, clarifying application of the legislation in that sector.

Registration of personal data controllers and personal data filing systems, showed an upward trend, 107 personal data controllers and 274 personal data filing systems being registered in 2014 and 397 personal data controllers and 715 personal data filing systems – in 2015 and 386 personal data controllers and 761 personal data filing systems – in 2016. Therewith, 890 personal data controllers (public authorities, companies, etc.), managing 1 750 personal data filing systems demonstrated conformity of their activity with the personal data protection legislation.

At the same time, important progress was achieved in authorisation of the international personal data transfers. In 2014 there were submitted 34 requests for such an authorisation, in 2015 – 469 and in 2016 – 61. The dramatic decrease of the number of requests in 2016 occurred as a positive effect of the implementation of the Decision of the National Center for Personal Data of 15 July 2015 on the cases in which international personal data transfers could be done without an authorisation.

- *continue to strengthen the capacity building of the data protection authority (National Centre for Personal Data Protection) and follow up on the application of data protection standards in all sectors, especially regarding law enforcement.*

During 2014 – 2016 the maximum possible personal of the Center was 21 positions. It was filled in the proportion of 90% in 2014, 90% – in 2015, 81% - in 2016.

In 2016 it was proposed to raise the maximum possible personal of the Center from 21 to 45 positions. The relevant draft law no. 496 was submitted to the Parliament on 20 December 2016 and was approved by the Parliament in the first reading on 23 December 2016.

The personal of the Center was regularly trained in order to strengthen its professional capacities.

By means of the Law no. 87 of 28 April 2016, which entered into force on 7 June 2016, the Moldovan legislation was harmonised to the European Union Framework Decision no. 2008/977/JHA of 27 November 2008 on the protection of personal data processed in the framework of police and judicial cooperation in criminal matters and to the Recommendation of the Committee of Ministers of the Council of Europe no. (87)15 of 17 September 1987 regulating the use of personal data in the police sector.

After positive assessment by Eurojust of the level of preparedness of the Republic of Moldova to the implementation of the Agreement on cooperation between the Republic of Moldova and Eurojust of 10 July 2014, especially in the field of personal data protection, the above mentioned agreement entered into force on 21 October 2016.

## Cooperation on migration, asylum and border management

### Migration

- *continue to effectively implement the readmission agreement between the EU and the Republic of Moldova, and measures for reintegrating Moldovan citizens;*

Moldova – EU Agreement on the readmission of persons residing without authorisation of 10 October 2007 has continued to be applied smoothly. It was confirmed by the both sides at the seventh meeting of the Moldova – EU Joint readmission committee (7 July 2016).

Protocols on implementation of the Agreement were signed with the Hellenic Republic (28 March 2014), Republic of Slovenia (11 November 2014) and Italian Republic (12 March 2015).

During 2014 – 2016 Ministry of Internal Affairs of Moldova, responsible for the implementation of the Agreement, received 1025 readmission requests and 527 informations about transfers. Transfer of 431 Moldovan citizens was ensured. Moldova submitted 10 readmission requests, 9 foreigners being readmitted.

As for reintegration and returning policies, a new action plan for 2017-2019 on reintegration is currently under examination of a working group formed by focal points of the in line institutions dealing with migration issues and representatives from diaspora associations.

Initiatives on supporting the returned migrants have already been launched in 2015 and concluded at the end of 2016, within which over 102 beneficiaries among graduates and workers have successfully been assisted in finding a job, an internship or volunteer position back in Moldova.

Programs and activities on the professional return of the diaspora have been carried and are still ongoing under the guidance of the Bureau for the Relations with the diaspora. The programs aim at facilitating the return and launching of projects in Moldova by the members of the diasporas.

- *reinforce the existing infrastructure (including detention centres) and staffing of responsible bodies to ensure the effective return of illegally residing and/or transiting third-country nationals from the territory of the Republic of Moldova, ensure respect for the human rights of immigrants in administrative detention, and develop the integration framework;*

The concept and needs of the specialized units fighting illegal migration and the temporary detention Migrant Center (CPTs) were approved by order (BMA) No. 40 of 06/03/2014.

In September 2015 the disciplinary isolator of CPTs was renovated. The necessary resources have been allocated from the state budget.

In order to improve CPTs capacities, authorities of the Swiss Confederation donated two trucks for transportation of illegal migrants.

On 30.12.2015, by order nr.354 "Guidelines of Procedure of the Migrant Center" were approved.

Thus, the Guidelines include rules of procedure and rules of conduct necessary for the proper conduct of the internal activity of the Migrant Center of BMA and general rules to ensure an appropriate climate of order and discipline.

In the context of institutional capacity building for the efficient implementation of the return and expulsion procedures 13 training sessions with the participation of 45 employees of the Ministry of Internal Affairs were undertaken. On the same line in order to ensure human rights respect of immigrants, several media events and campaigns informing the population on the rights of migrants and the exclusion of manifestations of racism and xenophobia have been organized by MIA.

Workshops on capacity building in this sense have been carried for over 30 representatives of the in-line institutions with competences in this field.

- *continue to strengthen the Bureau for Migration and Asylum (BMA) as a coordinator for the sound management of migration flows, and improve reception conditions and the registration of foreigners, especially the work of one-stop-shops responsible for registering foreigners at central and local level;*

The National Action Plan on the Migration and Asylum strategy for the years 2011-2015 has been implemented and the new Plan of Action for the implementation of the Strategy on Migration and Asylum for 2016-2020, adopted.

Amendments to Law No. 200 have been adopted by the Parliament in November, 2016 transposing EU acquis in the area of legal migration (family reunion, human rights etc.).

On 29.07.2016, the draft law amending and supplementing certain acts was approved (Law no. 180-XVI of 10 July 2008 on labour migration, Law no. 200 of July 16, 2010 on foreigners in the Republic of Moldova). It transposes provisions relating to notions of business visitors, intra-corporate transferees, temporary transferees, graduate trainees, contractual services suppliers and independent professionals. The draft was adopted in first reading by Parliament on 13.10.2016.

In June 2015, new graphics stations responsible for foreigners' documentation were installed in the one stop-shop placed in Chişinău. Similarly, new stations have been placed, respectively in Balti, Cahul and Comrat aiming at optimizing the procedure of collecting data from applicants for identity documents and updating the state register of the population. On-line services for "invitation issuance" and "Visa term extension" have been launched.

Bureau of Migration and Asylum was also registered at the National Center for Personal Data Protection as operator of personal data.

For the facilitation of the documentation of foreigners, on 31.12.2016, the Regulation of Immigration Department of the Bureau for Migration and Asylum, as well as the instructions of its internal procedures were approved.

- *continue to strengthen the regional services of the BMA's Illegal Migration Directorate, ensure the BMA's presence at regional level, and set up local-level premises that are distinct from the national police;*

In order to strengthen the capacity of the BMA to prevent and address illegal stay and illegal labor, the institutional structure of the BMA, including at the regional level was strengthened. In particular on 07.11.2014, the Regulation on organization and functioning of the Bureau for Migration and asylum was approved.

Within the context of the implementation of the Association Agenda, the BMA developed its first comprehensive policy document in the area of illegal migration - "Concept on New Operational Mechanism on Combating of Illegal Migration", which was approved on 3 June 2014.

A handbook for inland detection of illegal migrants for Ministry of Interior officers dealing with illegal migration was developed within FIRMM project, implemented by ICMPD. The handbook shall serve as a guide for initial and continuous training in combating illegal migration. It includes instructions, practical cases, concrete procedures and specimens.

Cooperation between of BMA and Border Police was ensured. In this sense, 4 Cooperation Plans focused on joint activities in particular on detection of foreigners, efficient management of THB at the state border, a permanent exchange of information, common training of involved staff etc. have been signed between regional directorates of BPD and local centers of BMA in 2015-2016.

Public officers of the Interior Ministry's subdivisions (a total of 300) have improved their capacities through trainings and other capacity building activities (42 in 3 years).

In particular employees of regional departments responsible for the fight against illegal stay of foreigners have benefited of 11 capacity building trainings.

Throughout 2015, improvements have been made on infrastructure, whereas regional departments (Cahul and Balti) to combat illegal immigration were provided equipment and the Cahul integration Center for foreigners has been renovated. Activities relating to reconstruction/ renovation of the integration centers in Chisinau and Balti have been initiated.

- *continue to update the Extended Migration Profile after its initial successful publication, and integrate it in migration policy decision-making, where possible;*

The regular update of the Extended Migration Profile (EMP) Report of the Republic of Moldova is the responsibility of the Government of the Republic of Moldova, under the coordination of the Bureau for Migration and Asylum of the Ministry of Interior (according Governmental Decree nr.634 from 24 August 2012). This process is conducted jointly with the Technical Working Group members.

In this regard, the EMP of the Republic of Moldova for the period 2007-2012, 2008-2013, 2009-2014, 2010-2015 in particular the analytical report and statistical data have been regularly updated and published on the website of the MoI and BMA website.

- *proceed with the organisation of continuous, targeted information campaigns that aim to clarify the rights and obligations of visa-free travel, including information on rules regulating access to the EU labour market (including through the EU immigration portal) as well as to the EU health systems, and on liability for any abuse of rights under the visa-free regime.*

Large information campaigns on the rights and obligations of the Moldovan citizens travelling visa free to the EU were organized in 2014. Due to the smooth operation of the visa free regime, in 2015 and 2016 there was no need to continue such large targeted campaigns. In 2015 and 2016 the topic of visa free travel to the EU was integrated into the thematically wider information campaigns on the Moldova – EU Association Agreement implementation.

The decision not to continue specialised awareness raising and public information campaign in 2015 and 2016 was based on the positive statistics on the operation of the visa free regime with the EU, the refusal rate and the rate of illegal stays being very low.

According to the statistics for the more than 2,5 years of operation of the visa free regime, 855 423 Moldovan citizens, holders of biometric passports, travelled to the Schengen area for 2 229 740 times. Only about 0,3% of refusals of entry and 0,5% of cases of illegal stay were registered.

### **Asylum**

- *continue to implement the 2009 law on asylum, which provides a solid framework for protecting those in need of international protection, and amend this law to further align it with international and European standards;*
- *maintain an efficient Refugee Status Determination procedure;*

By BMA Order no. 1 of 03.01.2014, instructions on interpretation / translation services within the Bureau have been adopted. These ensure BMA's obligations of familiarizing interpreters with the Code of Conduct for interpreters and signing confidentiality commitment, conditions of employment for various languages, dialects and payment.

In order to improve the quality of interviewing and processing of asylum applications, a Guide for decision makers regarding vulnerable asylum seekers was developed in March 2014. The guide has the aim to strengthen the asylum procedure in accordance with the latest EU quality of standards.

Amendments to Law No. 270-XVI of 18.12.2008 on Asylum in Moldova have been adopted by the Parliament in July, 2016. Thus, the following EU Directives were partially transposed into national legislation:

- Directive 2011/95/EU of the European Parliament and of the Council of 13 December 2011 on standards for the qualification of third-country nationals or stateless persons as beneficiaries of international protection, for a uniform status for refugees or for persons eligible for subsidiary protection, and for the content of the protection granted (recast).
- Directive 2013/32/EU of the European Parliament and of the Council of 26 June 2013 on common procedures for granting and withdrawing international protection (recast).
- Directive 2013/33/EU of the European Parliament and of the Council of 26 June 2013 laying down standards for the reception of applicants for international protection.

In this regard, changes were introduced in the procedure for examining applications for international protection, putting particular emphasis on the process of examination the specific cases involving minor asylum seekers. Additionally, were improved mechanisms that ensure:

- protection the rights of minors and unaccompanied minors, in particular the introduction of new concepts (minor, legal representative of the minor);
- adjustment of the notions of "humanitarian protection" and "international protection" to EU definitions;
- transposition of the standards set by mentioned EU directives (the proceedings of application records audio and / or audio-video interview asylum seekers ordered asylum seekers to correct behavior, including accommodation centers, order to control body preventive and objects it has and for security, quality assurance concepts decision by introducing new equality in rights of beneficiaries of humanitarian protection to refugees by canceling the period for protection etc.);
- an increased role of the political dialogue on resolving humanitarian problems by determining the mechanisms of taking refugees from third countries are in need of relocation, etc.

In order to improve the quality of services provided for asylum seekers, based on cooperation with non-governmental organisations and civil society on social, psychological and legal services for asylum seekers, on 24 May 2016 the BMA signed the following Agreements of cooperation:

- The Agreement of cooperation with Ave Copii;
- The Agreement of cooperation with the Charity Center for Refugees;
- The Agreement of cooperation with Memoria.

- *continue to train judges and magistrates on asylum- and migration matters, and more specifically on handling legal appeal procedures in these fields;*

Throughout 2014-2016, 8 events regarding the European Asylum Curriculum implementation were held, including trainings for judges and prosecutors.

- *further develop the integration framework;*

In order to bring national legislation in line with the provisions of Law no. 274 of 27.12.2011 on the integration of foreigners in the Republic of Moldova, on 05.18.2016 the Government Decision on "Approval of the amount of monetary aid to refugees and beneficiaries of humanitarian protection for 2016" was approved.

On the same line, between 2014-2016, the Regulation on Integration centers in Moldova was drafted and is now being examined by the National Anti-Corruption Center.

An inter-institutional agreement<sup>1</sup> on the efficient implementation of the national legal framework for the integration of foreigners has also been approved in April 2016, facilitating the coordination on institutional level of tasks and competences in this sense.

- *activate biometric identity documents and start issuing travel documents to refugees.*

Issuing travel documents for refugees and beneficiaries of humanitarian protection started in February 2016. Until December 2016, 35 travel documents for refugees and 15 travel documents for beneficiaries of humanitarian protection have been issued.

### ***Border management***

- *further strengthen border management and maintain the high level of border checks and border surveillance, and extend and upgrade fixed- and mobile video surveillance facilities;*

The National Strategy on integrated management of the state border for 2015 – 2017 and the Action plan for its implementation were approved in December 2014 and have been implemented during 2015 and 2016.

In July 2015, Government approved the Regulation on Border Security Coordination System, which transposes in national legislation the principles of European External Border Surveillance System (EUROSUR).

In 2014 4 fixed monitoring complexes were constructed with the assistance from the USA (Criva, Giurgiulești, Palanca, Tudora).

- *upgrade the situational picture at national and local level by fine-tuning further risk analysis, intelligence and data-flow management;*

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<sup>1</sup> Ministry of Interior, Ministry of Labour, Social Protection and Family, Ministry of Education, Ministry of Culture, Ministry of Health, Local public administration authorities (CNAS, CNAM).

Information system “Situational picture at the border crossing points” was created in 2014. Its purpose is to present in a real time regime statistics on the flow of persons and vehicles for the last 3 hours for each border crossing point. The system is managed by the National Coordination Centre of the Border Police Department. It continued to operate in 2015 and 2016.

Monitoring and control system NAVIGATOR was put in practice in 2014 and continued to be used in 2015 and 2016 by the National Coordination Centre of the Border Police Department. It allows for GPS monitoring of the border police mobile units.

In 2016 there was launched information system “Operational management” of the Border Police Department.

- *continue to provide adequate infrastructure, technical equipment, IT systems, and financial and human resources, in accordance with the Republic of Moldova’s Integrated Border Management (IBM) Strategy and action plans;*

In 2015, border police got 9 special vehicles with thermo vision equipment in the framework of a joint MD – UA STRONGBOR project financed via the Eastern Partnership Integrated Border Management Flagship Initiative.

By the end of 2016 there were reconstructed facilities of the regional divisions South (100%) and East (70%), as well as of the border police section Săiți (100%).

- *maintain and extend anticorruption training programmes and measures;*

With the view of preventing and combating corruption by the end of 2016 40% control booth were under video surveillance. By the same time, video surveillance has been covering 80% of the border crossing points.

- *continue to act on opportunities to carry out joint actions, training and expert advice from the EU Border Assistance Mission to Ukraine and the Republic of Moldova (EUBAM), Frontex and EU Member States;*

Moldovan authorities continued to use cooperation opportunities offered by EUBAM, including joint working groups, joint security reports, joint operations and trainings.

- *use the leverage provided by EUBAM’s presence to step up and develop cooperation with the Ukrainian Border Guard Service, including on the automatic exchange of nominal data;*

In November 2015, Moldova and Ukraine signed the Agreement on the organisation of the exchange of information on persons and vehicles, which cross the Moldovan – Ukrainian border.

Procurement of the equipment for automatic exchange of data would be co-financed by the EU via the Eastern Partnership Integrated Border Management Flagship Initiative.

- *explore opportunities with Ukrainian partners for additional shared Border Crossing Points (BCPs) and joint patrolling of the border, including on the central part of the common border between the Republic of Moldova and Ukraine.*

Moldova and Ukraine continued to implement the pilot project on the joint operation of the border crossing point “Briceni – Rossoşani” (UA territory).

Implementation of the project on construction of the jointly operated Moldovan – Ukrainian border crossing point “Palanca” (MD territory), co-financed by the EU via the Eastern Partnership Integrated Border Management Flagship Initiative, started in December 2014 and is ongoing.

In June 2015 Moldova and Ukraine agreed to jointly operate border crossing point “Giurgiuleşti – Reni” (UA territory).

In November 2015, Moldova and Ukraine agreed to jointly operate “Pervomaisc – Cuciurgan” border crossing point (UA territory).

Reconstruction of the border crossing points “Giurgiuleşti – Reni” and “Pervomaisc – Cuciurgan” would be co-financed by the EU via the Eastern Partnership Integrated Border Management Flagship Initiative.

#### ***Police reform, crime prevention and combating organised crime***

- *ensure compliance with the rule of law and the protection of human rights by developing an accessible, accountable, efficient, transparent and professional police force, introducing a rights-based approach to policing, the use of intelligence-led policing, and fighting crime, including cybercrime;*

Strategy for police development for 2016 – 2020 was approved by the Government Decision no. 587 of 15 May 2016. It has 5 goals: 1) strengthening accountability, efficiency, transparency and professionalism of police, 2) fair, efficient and effective application of legislation based on human rights in the activity of police, 3) consolidation of capacities of the police to fight organised crime, trafficking in human beings, cybercrime, violence, including gender motivated violence, drugs and smuggling of arms, falsification and money laundering, 4) establishing modern police service, according to the best EU and international standards and practices, with the view to react proactively and in an equal manner to the needs of citizens and of the society as a whole (intelligence-led policing is one on the elements of this goal), 5) promotion and implementation of the principle of zero tolerance to corruption, discrimination and ill treatment in the activity of police.

Financing agreement between Moldova and EU on budget support for the implementation of police reform was signed on 14 December 2016. The maximum amount of the EU budget support is 51 million euro.

- *strengthen international operational police cooperation, including by setting up and using joint investigation teams, and strengthen cross-border cooperation by carrying out joint operations;*

With the Europol assistance in June 2015 there were organised 2 operations “Hit 2-BLUE AMBER” on trafficking in vehicles and “BLUE AMBER-SIROCCO” on trafficking in human beings and illegal migration”. In the same vein, in 2015 Moldova participated in Europol, French and Dutch led operation “VELO 94” on bicycles thefts. In 2016 Moldova took part in the Europol led operation “Avalanche”.

- *establish closer cooperation with Europol, including by concluding an operational cooperation agreement.*

Agreement on operational and strategic cooperation with Europol was signed on 18 December 2014 and entered into force on 23 July 2015.

SIENA secured channel for exchange of information between Moldova (Center for international police cooperation of the General Police Inspectorate) and Europol has been operational since 22 April 2015.

### ***Tackling illicit drugs***

- *continue to implement relevant strategy and action plans, and draft a new action plan;*

Relevant authorities continued implementing the National antidrug Strategy for the period 2011-2018, particularly by means of the 2014-2016 Action Plan, which traditionally addressed areas as: reduction of the demand and offer of drugs, diminish risks deriving from drug consumption, enhance coordination capacities, promote information and awareness campaigns, and straighten international cooperation. Unfortunately, due to the lack of financial resources and the complexity of launched initiatives, not all measures of the 2014-2016 Action Plan were implemented. The majority of the shortcomings are transferred in the 2017-2018 Action Plan, which was elaborated in December 2016 and should go through internal legal procedures.

- *continue to ensure a balanced and integrated approach to drug issues, in order to handle the health- and social consequences of drug abuse, ensure more effective prevention, and work towards reducing the supply of, trafficking in and demand for illicit drugs;*

The approach of national authorities focused on ameliorating national capabilities in countering drug trafficking, preventing drug abuse and providing treatment for drug dependent persons, special attention was given to preventing the negative impact of drug consumption on the young generation. Authorities continued implementing the pharmacological treatment with methadone and also the rehabilitation program for drug users in penitentiaries.

As of 31.12.2016, 11.259 drug addicted persons were registered at medical surveillance institutions. The majority of these people benefited from rehabilitation programs, particularly education, information, adaptation and psychosocial rehabilitation modules. Also, authorities managed to draft the Regulation on functioning of the Integrated Social Service for consumers of psychoactive substances and substitution therapy patients and its minimum quality standards (Regulation approved on February 15, 2017).

By promoting amendments to the Law No. 382-XIV of 6.05.1999 on the circulation of narcotic and psychotropic substances and precursors (approval on 28.07.2016), national authorities ensured the harmonisation of the national legislation to the EU acquis.

- *strengthen the institutional structures for tackling illicit drugs;*

The institutional structures were strengthened by the creation of a common group for analysing risks from illegal drug trafficking (July 2014) comprised of representatives from the Ministry of Internal Affairs, Custom Service, General Prosecution Office and Information and Security Service. National authorities also approved cooperation methods for preventing drug consumption and combating drug trafficking.

In the course of 2016, the Secretariat of the National Antidrug Commission established some ad-hoc working groups for examining different aspects related to antidrug policy. The technical working group on elaborating the new Action Plan for implementing the 2011-2018 Drug Strategy had more

than 15 meetings. Based on this experience a permanent subsidiary body of the National Antidrug Commission will be created.

Another component which contributed to strengthening institutional structures related to participation of national experts jointly with foreign partners in trainings, operations and exchange of experience activities. These related to collection of data and report on drug seizures, fight against cross border crime, information analysis related to organized crime, cyber crimes related to drugs, etc.

- *continue the regular dialogue in the framework of the Eastern Partnership Drugs Dialogue;*  
The Eastern Partnership Drugs Dialogue doesn't take place on a regular basis, being determined by the interest of the EU country which holds the Presidency of the EU Council. Moldova participated at the last meeting of this format which took place in Brussels on April 25, 2015.

In the multilateral dimension of EaP the drug topic is also discussed in the framework of the Police Cooperation Program and the Capacity building project of the priority initiative on Integrated Border Management.

- *further develop the cooperation and information exchange, and continue to work with the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) and within the Council of Europe's Pompidou Group.*

National authorities continued deepening cooperation and conducting exchange of information with the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), United Nations Office on Drugs and Crime (UNODC) and Pompidou Group of the CoE, particular attention was given to strengthening capacities of the National Drug Observer and implementing permanent cooperation mechanism with international partners. As a result of this cooperation, national authorities supplemented twice the list of controlled drugs, psychotropic substances and their precursors (26 substances each time) and the list of drugs, psychotropic substances and their precursors detected in illegal traffic (3 times with a total of 60 substances).

Annually the National Drug Observer elaborates the Report on Consumption and illicit drug traffic and submits it to international partners, particularly to EMCDDA. With support of EMCDDA, Moldovan authorities elaborated the Study on Drug, Alcohol and Tobacco Use among pupils (2015). Moldova also participated in the EMCDDA cooperation project with the countries from the Eastern and Southern Partnerships, called ENP1. EMCDDA supported Moldovan experts participation at various international events, related to the monitoring mechanism of drug consumption, treatment programs, risk reduction and social reintegration of drug addicted persons.

In 2015 a delegation of the International Narcotics Control Board (INCB) conducted an evaluation visit to the Republic of Moldova, which aimed to review the drug control situation in Moldova and the Government's compliance with 3 international drug control conventions to which Moldova is a party. The last INCB evaluation mission took place in 1996. These and other recommendations of international partners were examined and endorsed by the National Antidrug Commission.

### **Legal cooperation**

- *continue to strengthen judicial cooperation in civil and commercial matters by:*
  - *acceding to and implementing multilateral conventions on civil judicial cooperation and, in particular, the Conventions of the Hague Conference on Private International Law in the field of judicial cooperation,*

Statute of the Hague Conference on Private International Law of 31 October 1951 entered into force for Moldova on 16 March 2016. The Ministry of Justice was appointed as national contact point in this respect.

- *acceding to and implementing multilateral conventions on the protection of children, especially the 1970 Convention on Taking of Evidence Abroad in Civil or Commercial Matters, and*

Moldova has continued analysing the opportunity to accede to the 1970 Convention on Taking of Evidence Abroad in Civil or Commercial Matters.

- *preparing the ground for accession and implementation of the 1996 Convention on Jurisdiction, Applicable Law, Recognition, Enforcement and Cooperation in Respect of Parental Responsibility and Measures for the Protection of Children, in particular by assessing national capacities and resources;*

Moldova has continued assessing the resources and capacities necessary for accession to the 1996 Convention on Jurisdiction, Applicable Law, Recognition, Enforcement and Cooperation in Respect of Parental Responsibility and Measures for the Protection of Children.

- *strengthen judicial cooperation in criminal matters by acceding to and implementing the relevant conventions, especially those of the Council of Europe;*

Moldova has continued to implement conventions on cooperation in criminal matters, being in force for it.

- *establish closer cooperation with Eurojust, including by signing and implementing an operational cooperation agreement.*

Agreement on cooperation with Eurojust was signed on 10 July 2014 and entered into force on 21 October 2016.

## 2.4 Economic cooperation

- *The parties will work together to support the Republic of Moldova in establishing a fully functioning market economy and gradually bringing its policies more in line with EU policies, in accordance with the guiding principles of macroeconomic stability, sound public finances, a strong financial system and a sustainable balance of payments.*

EU-Moldova dialogue on economic cooperation was maintained throughout 2014-2016 via the relevant sub-committee clusters established under the Association Agreement. At the same time high level meetings were conducted in order to coordinate efforts in implementing the overall commitments of reaching a macroeconomic stability following end of 2014 and 2015 economic recession in Moldova.

The dialogue was in line with the ongoing negotiations between the Government of the Republic of Moldova and International Monetary Fund on an economic reform program supported by a three-year Extended Credit Facility and Extended Fund Facility arrangement. Upon the approval of the arrangements by the IMF Executive Board in November 2016, it was stated that “...*significant upfront progress has been made in enhancing the resilience of the banking sector and address weaknesses that gave rise to the 2014 crisis. [...] debt remains sustainable [...] Monetary policy has been appropriate, geared toward maintaining low inflation in the context of a flexible exchange system.*”

However in 2016, the Republic of Moldova economy, in spite of some signs of revival continued to be exposed to vulnerabilities, both domestic and external one: the reciprocal sanctions between the Russian Federation and the European Union, the restrictions on imports of Moldovan agricultural products imposed by Russian authorities and the recession from this country, the Ukrainian crisis, the problems in the banking sector, the continuous reduction of remittances inflow.

**The gross domestic product (GDP)** amounted to MDL 134,476 billion in 2016, an increase by 4.1% compared to 2015 (in comparable prices). The gross value added created in agriculture had the most significant influence in the growth of GDP –2.2 percentage points (p.p.); the wholesale and retail trade –0.9 p.p.; information technology and communications – 0.3 p.p.; the extractive and manufacturing industry, professional, scientific and technical activities –0.3 p.p. each.

In December 2016 **the annual inflation rate** reached 2.4%, recording a reduction of 11.2 p.p. compared to the inflation rate in December 2015. The decrease of the inflation rate was generally caused by a weak internal demand, high base period level in 2015, fading of the influence from the electricity tariff increase in July 2015, decrease of the electricity and gas tariffs in the first half of 2016 as well as by a good harvest which determined the decrease of the domestic food prices. The annual average inflation rate index (CPI) was 6.4% in 2016.

Since early 2016, **the national currency** has depreciated by 1.6%, in nominal terms, in relation to the US dollar (from 19.66 MDL for 1 US dollar to 20 MDL from 01.01.2016 to 31.12.2016). The Moldovan leu appreciated against the Euro by 1.6%. Overall, in 2016, the exchange rate of the national currency dynamics was determined by falling remittances on one hand, mitigated by a de-dollarization process and an improvement in the trade balance on the other hand, which led to a foreign exchange surplus, that was withdrawn by the central bank from the domestic market.

In 2016 the **exports** increased by 4%, while **imports** - by 0.8%. The deficit of trade balance was USD 1975 million, compared to USD 2020 million in 2015. The coverage rate of imports by the exports in 2016 was 50.9%, by 1.6 p.p. higher than the one recorded in 2015.

The **unemployment rate** (unemployed to active population ratio, according to the International Labour Office), constituted 3.8% on a country-wide basis, for the fourth trimester of 2016, decreasing by 0.4 p.p. compared to the same trimester 2015.

A yearly growth of GDP of 3.5%-4.5% is predicted for the years 2017-2020.

*This cooperation will include work to:*

- *develop the Republic of Moldova's capacity in macro-economic forecasting, including improving the methodology used to build development scenarios, monitoring economic processes, and improving the quality of analysis carried out on factors of impact by exchanging information on best practices;*

RM developed its macro-economic forecasting capacity by drafting series of macro-economic indicators in line with international standards and with the SCN 2008/ESA 2010 methodology and these are: GDP, GNI, GDI. In addition, the System of National Accounts methodology of the United Nations (version 2008) and the methodology on drafting the International Accounts (BPM6, IMF 2009) were implemented.

- *strengthen the independence and regulatory and supervision powers of the National Bank of Moldova (NBM), including by reviewing the central bank legislation to ensure that it follows EU best practice, with the support of EU expertise, including from the European Central Bank (ECB);*
- *share EU experience, including from the ECB, on monetary exchange rates and financial and banking sector regulation and supervision policies, and help to develop and strengthen the Republic of Moldova's capabilities in these areas;*

On 08.04.2016 the Parliament adopted the Law no.62 on amending and supplementing certain acts, which include the Law on the National Bank of Moldova (NBM) and the Law on the National Commission of Financial Market (NCFM). The law aims, inter alia, to strengthen the independence of the NBM, establishing that any public authority or any other third party cannot approve, suspend, cancel, censor, adjourn or condition the entry into force of the National Bank's acts, neither may issue opinions ex-ante on National Bank's acts, nor otherwise influence the issuance of the final act of the National Bank. Also, the Law no.62 of 04.08.2017 is meant to strengthen the legal protection of the NBM's employees.

The new NBM Governor, has been appointed on 11.03.2016 with effect from 11.04.2016. For the first time the selection process was made public. Though it had a consultative role due to the selection Commission's work it became possible to publish the Curriculum Vitae of the candidates and give a higher transparency to the selection process. Other 4 members of the NBM Supervisory Board were appointed by the Parliament on 29<sup>th</sup> of July.

A Twinning Project on strengthening the National Bank of Moldova's capacity in the field of banking regulation and supervision in the context of EU requirements supported by EU and implemented with the support of Netherland's and Romania's Central Bank, is ongoing from June 2015 for a period of 2 years.

- *reinforce the sustainability and governance of public finances, by implementing fiscal and expenditure reforms;*

The law on public finance and fiscal-budgetary responsibility has been approved (Law no. 181 of 25.07.2014). As well, the Strategy on State Fiscal Service development for 2016-2020 and its implementation Action Plan were approved. As regards the transposition of the EU acquis, by Law no. 71 of 12.04.2015, Law no. 138 of 06.17.2016 and the Law no. 281 of 16.12.2016 on amending and supplementing certain acts pertaining to the fiscal-budgetary and customs policy for 2015, 2016, 2017, was ensured the gradual adjustment of excises according to EU standards.

- *continue to develop open, competitive and transparent privatisation rules and procedures, and implement them in line with best EU practices.*

In order to adjust the national legislation to EU best practices, with a view to address shortcomings identified by the Court of Accounts, amendments to over **19 national acts** have been developed and promoted.

The **draft Law on state and municipal enterprises** has been approved by the Government and sent to the Parliament. It seeks achievement of uniformity of public policies management of state and municipal enterprises to the general rules of corporate governance, separation of attributions of the founder, of the Administrative Board and of the administrator, as well as make administration of enterprises more efficient.

Also, in order to regulate the legal regime applicable to public property and powers of central and local government public property delimitation process, taking into account the proposals of central and local public administration authorities, the **draft Law on delimitation of public property** is in process of consultation.

In order to implement the forms of public-private partnership a **Law on concessions for works and services** was **drafted**, which currently is submitted to the Government for approval. The project is connected with Directive 2014/23/ EU of 26.02.2014 regarding the award of concession.

Additionally, **14 Government Decisions** in the field of concessions for works and services have been approved by the Government.

In 2016 three rounds of privatization were conducted, in full compliance with the Law No. 121-XVI on the management and privatization of public property (of 04 May 2007). 68 state's public property goods were put up for sale, including: 28 share packages auctions on the regulated market, 22 at commercial contest, 17 at open outcry auction, 2 investment contest. As a result, 9 state's public property goods were privatized. Thus, the Government has accepted privatization of public assets totalling 341.6 million MDL. By the end of 2016 to the state budget were paid funds in amount of 321.4 million MDL.

In the reference period 72 public-private partnership contracts and concessions registered with the Registry of public property had been monitored.

Also feasibility studies for 19 projects of public-private partnership have been approved.

The privatization process continued in 2017 and the first round of privatization of state assets in public ownership was launched on 24 February. The total amount of state public property assets,

reported at the initial sale price, exposed to auctions and competitions in the period from February 24 to March 30, 2017 is estimated at 1.3 billion MDL.

### ***Company law, accounting and auditing and corporate governance***

*The parties will work together to prepare the Republic of Moldova for implementation of EU law and the international instruments mentioned in annex to the Association Agreement, in particular to:*

- *develop the administrative capacity of the Republic of Moldova's state institutions involved in such implementation;*

Continuous efforts are made in transposing the EU acquis in the area of company law, accounting and auditing. The National Commission for Financial Markets (NCFM) benefits of a Twinning Project “*Development and consolidation of the National Commission for Financial Markets' operational and institutional capacities in the field of prudential regulation and supervision*”, that started on 12.09.2015 and will last until 11 November 2017 (provided by Polish Financial Supervision Authority (KNF). The National Bank of Moldova continues to benefit from the support of the National Bank of Romania and De Nederlandsche Bank within the Twinning project for strengthening the NBM's capacity in the field of banking regulation and supervision in the context of EU requirements, which was launched on 30 June 2015. The project is financed by the European Union and is foreseen to run for a period of two years (until 2017) with the support of these two partner banks.

- *further simplify rules and procedures on registering legal persons, including companies, and natural persons, including entrepreneurs, to set up and liquidate businesses;*

During 2016, several laws were approved, aimed at improving the investment climate and supporting business activity.

- Law no. 127 of 08.07.2016 for amending and supplementing the Law no. 451-XV of 30.07.2001 on licensing of entrepreneurial activity. The present law aims at eliminating the existing constraints on business activity, as well as removing the duplication of rules regarding the regulation of entrepreneurial activity in the transport services and provides compliance with Transport Code.
- Law no. 230 on amending the Law no. 131 of 08.06.2012 on state controls of entrepreneurial activity in order to reduce the number of controls and inspections. The present law aims at reducing the burden on economic agents, especially by lowering the number of controls and ensuring of their proportionality. By applying the new institutional mechanism the number of authorities of control will be reduced from almost 70 to 16 (excepting the financial sector). Also, it is planned to support the business in the starting stage, state controls being forbidden during the first 3 years of activity from the date of state registration of person who is engaged in the entrepreneurial activities.
- Law no. 181 of 22.07.2016 for amending and supplementing some Legislative Acts on the regulating by authorization the activity of entrepreneurs. The draft law is oriented towards developing the principles of regulating the entrepreneurial activity, namely, by revising the current number of permits. Thus, by reducing the number of permits or simplifying the procedures for issuing of them, there will be created favourable conditions for starting/continuing the activity of economic agents.
- Law no. 21 of 04.03.2016 for amending and supplementing some Legislative Acts. The Law aims at creating favourable conditions for business environment by reducing the time and amount in the process of registration of economic agents, as well as the risks of corruption.
- Law no. 179 of 21.07.2016 on medium-sized enterprise. The expected impact of its application is the sustainable development of micro, small and medium-sized enterprises by

improving the legal and economic environment in which they are created and functioning. Furthermore, considering the consultative character of state control, and taking into account the Small Business Act for Europe, the law stipulates that the substantive fiscal-financial control should be organized not more often than once every 3 years. One important element of the Law is to strengthen the public-private dialogue by establishing the SME's Consultative Council. The SME's Consultative Council was approved by Governmental Decision on the 1<sup>st</sup> of February 2017.

- *develop its corporate governance policy and promote compliance with the code on corporate governance in line with international standards and EU rules and recommendations in this area;*

In line with the Association Agreement provisions, important reforms were undertaken in regard to company law, corporate governance, as well as law on accounting and auditing, namely by approving the amendments made to *Law on Joint Stock Companies* (Law No.106 of 28.05.2015), which transposed the provisions of the EU Directives to safeguard measures imposed to companies. During 2015, all 16 normative acts for implementing the Capital Market Law came into force, including 7 acts on securities and 9 acts on undertakings for collective investment in transferable securities. Considerable joint efforts have been undertaken by the NBM and NCFM to apply the newly *Corporate Governance Code*, including on creating the regulatory framework of activities in financial services, which has been approved by Government on 15.07.2015 (*Decision No. 433*). In the area of state registration of legal entities, the draft *Law No.790* of 28.10.2015 supplementing the Law No. 220-XVI of 19.10.2007 has been approved, as well as the legislative initiative on introducing the moratorium on conducting spot checks and searches for the enterprises. The *Law no. 21* of 04.03.2016 on amending and supplementing certain legislative laws concerning the state registration of juridical entities and of private entrepreneurs was adopted, transposing the Directive 2009/101/CE. The Directive 89/666/CEE was transposed by the *Law no. 96* of 13.05.2016. In order to accelerate the promotion of general principles on corporate governance and risk management, the National Bank has drafted amendments to the Law on Financial Institutions, which have been approved by Parliament by Law No. 182 of 22.07.2016 (in force since 12.08.2016). For the execution of the provisions of Law No. 182 of 22.07.2016, the National Bank has developed the draft Regulation on internal governance and risk management, which includes provisions related to internal governance and risk management framework, with a focus on internal structure and organization, organization of activities, duties and responsibilities of governing bodies, risk management and organization of internal compliance, internal audit and risk management functions as well as the mechanism of internal control. The draft regulation was published in December 2016 on the official website of the National Bank for public consultation.

- *exchange timely, relevant and precise information about the state-of-play of existing legislation and its compliance with EU law, based on the format agreed between the parties, and submit a more detailed action plan to implement EU law in line with the agreed timetable;*

Throughout 2014-2016, 3 meetings of the cluster I on “Economic dialogue, management of public finances, statistics, financial services, accounting and auditing, anti-fraud and control provisions” were organised, where the exchange of information was ensured. Additional updates were provided as reports for the EU-Moldova Association Council in 2015, 2016 and 2017.

- *identify areas in which training, capacity-building and expertise should be provided.*

As mentioned above, following an exercise to identify needs of training and capacity building, two twinning projects were launched for the National Commission for Financial Markets, and the National Bank in June 2015 for a period of 2 years.

Also, the representatives of the National Bank of Moldova have benefited from TAIEX assistance in various forms (two expert missions and three study visits). In the context of bilateral cooperation, representatives of the National Bank of Moldova conducted working visits to central banks from Romania, Poland and Germany to accumulate experience in various fields falling within the competence of the National Bank of Moldova.

Starting with 15 February 2016, the NBM is assisted by a EU High Level Adviser for the banking sector.

NCFM also benefited from technical assistance through the Technical Assistance and Information Exchange (TAIEX) of the European Commission, organizing a study visit to the Polish Financial Supervision Authority. The topic of the study visit was “Best practices in bank assurance activity”.

### ***Employment, social policies and equal opportunities***

*The parties will work together in order to:*

- *prepare for implementation of EU law in the area of health and safety at work, labour law and working conditions, as mentioned in the annexes to the future Association Agreement, and in particular to:*
  - *strengthen administrative and enforcement capacity in the areas of health and safety at work and labour law, notably the labour inspectorate and relevant judiciary bodies,*
  - *build the capacity of social partners (e.g. training on EU legislation and standards on health and safety, and on labour law);*

Moldova is in the process of continuously transposing the EU acquis in the area of health and safety at work, labour law and working conditions. Major progress relates to the adoption of the following laws:

- Law no. 52 of 01.04.2016, transposing Directives 91/533/EEC, 1999/70/EC, 97/81/EC, 2001/23/EC, 2002/14/EC concerning labour law.
- Law no. 305 of 22.12.2016, transposing Directives 2006/54/EC, 2004/113/EC, concerning anti-discrimination and gender equality.
- For transposing Directives in the area of health and safety at work, have been approved: Governmental Decision no. 819 of 01.06.2016 (Directive 90/270/EEC); Governmental Decision no. 584 of 12.05.2016 (Directive 90/269/EEC); Governmental Decision no. 589 of 12.05.2016 (Directive 2002/44/EC).

During 2016, Moldovan Government undertook a fundamental reform in the area of state inspections, addressing highly burdensome, frequent and abusive interventions in the activities of business companies by the multiple number of inspection bodies.

In order to optimise the number of institutions empowered with control functions, to increase the transparency in the process of carrying out checks to business agents and gradually decrease their number, to ensure operational functionality and expand the State Register of controls, the Law nr.230 on amending and supplementing some legislative acts which states the amending of the law No.131 of 8 June 2012 on state control over business activity was adopted.

The aim of the reform is to streamline inspection procedures, shift to risk-based inspections, and get rid of duplications and overlaps in competences of multiple inspection authorities. The new law classified the inspection realms by product/groups of products produced by an economic agent, and by the risk type associated with the certain production process.

The issue concerning the current set up of labour inspectorate derives from the goal to reach full implementation of the principle “one risk – one agency”, where the same production process as a source of risk to workers safety and the product safety is covered simultaneously, during one inspection check. This serves the goal that one and the same business company shall not to be checked for the same type of activity and the same type of production process by different inspectorates. To exclude any potential duplications, as a result, function to inspect occupational safety was transferred from the labour inspectorate to the sectorial inspection bodies like, food safety agency, consumer protection and market surveillance agency, transport administrations, environment protection agency, public health agency, technical supervision inspectorate, energy and communication sectorial regulators.

Moreover, to guarantee the integrity and proper functionality of the whole system, the labour inspectorate will be in charge of (i) monitoring the activities of all labour inspectors placed in sectorial inspectorates; (ii) accessing, keeping and updating information in the area of control of occupational safety; (iii) be involved and develop proposal to improve legal framework on labour relations, occupational safety and health, in consultation with the competent authorities in the area of occupational safety; (iv) be empowered to request and consolidate the information and reports concerning accidents at workplace; (v) coordinate professional development and training of labour inspectors; (vi) participate and approve inspection check-lists applicable to the scope, type and object of control in the area of occupational safety in all respective fields; (vii) serve as the competent authority and contact point to ILO in reporting and policy implementation, and in all acts as stipulated in the Convention nr. 81/1947 on labour inspection in the area of industry and commerce.

In addition to the above-mentioned, the Labour Inspectorate will be in charge of ensuring that all labour rights stipulated in the international labour Conventions are fully respected in the Republic of Moldova, and this inspectorate is fully empowered to deal with issues of discrimination at workplace, child labour, immigrant workers, or any other aspect to fight unofficial wages/payments, to guarantee that the country is in full compliance with its international obligations and labour rights are fully respected.

- *develop a strategic approach to employment, aiming at more and better jobs with decent working conditions, better matching of skills and jobs in the labour market and promoting active support and efficient employment services; implement the decent work country programmes agreed between the International Labour Organisation (ILO) and the Republic of Moldova;*

The Strategy on Labour Employment for 2017-2021 was approved by Government on the 28<sup>th</sup> of December 2016.

- *strengthen the capacity of the administration in charge of developing and implementing employment and social policies, notably employment services and social services;*

In order to consolidate the network of social assistance workers, by Governmental Decision no. 1263 of 18.11.2016, was approved the Regulation on the organization and functioning of the National Agency for Social Assistance. The purpose of the Agency is to increase the quality of social assistance delivered to the citizens by implementing the state policy in this area. The main functions are:

- drafting the methodology for implementing the social assistance policy;
- facilitating the professional capacity building of the staff working in the social assistance system.

The National Agency for Social Assistance is under the process of staff recruitment and hiring.

The law no. 71 of 14.04.2016 on supplementing certain legislative acts has been approved. The document is aimed at establishing a quota of 40 % for woman in the elected bodies (local and general elections, representation in Government).

- *enhance the level of social protection and ensure the efficiency and financial sustainability of social protection systems;*

To mitigate the consequences of the annual indexation of social security benefits and state social benefits, the Law no. 304 of 22.12.2016 on supplementing the Law no. 133-XVI of 13.06.2008 on social assistance was approved. So, the level of guaranteed minimum monthly income will be indexed annually on 1 April depending on the annual increase of the consumer price index for the previous year, as stipulated by the Government.

Additional clauses were introduced for the empowerment of the social assistance recipients to use this social assistance help for the family benefit, based on a Cooperation Agreement signed between the family receiving the social help and the territorial structure of social assistance.

- *continue to promote social dialogue, including through capacity-building of social partners.*

The dialogue with the Labour Union is continuously improving. So, during 2014, 2 draft laws were consulted with the representatives, during 2015-6 projects and 2016-another 6 projects.

In order to achieve the priorities clearly stipulated in the Country Program for the Decent Labour for 2016-2020 years, the Tripartite Working Group was created (being composed of representatives from the Ministry of Labour, Social Protection and Family, National Confederation of Labour Unions and National Confederation of Employers). This working group has the aim of drafting the Law on supplementing some legislative acts (Labour Code, the Law on functioning of the National Commission for consultations and collective bargaining). The draft law will be presented to Government for approval until the end of 2017.

### **Consumer Protection**

*To prepare for implementation of EU law and the international instruments mentioned in annex to the future Association Agreement, the parties will work together to:*

- *strengthen the administrative capacity of consumer protection enforcement in the Republic of Moldova, notably by training government officials and other consumer interest representatives on the transposition of EU legislation and its subsequent implementation and enforcement.*

Out of 16 Directives and Regulations stipulated in the RM – EU Association Agreement, already 10 have been transposed (even with the implementation term of 3-4 years). We can underline as following:

- Law no. 231 of 10.12.2015, transposing EU Directive 2001/95/EC on general product safety.
- Governmental Decision no. 37 of 01.02.2016 on approving the Technical Regulation on ensuring that only lighters which are child-resistant are placed on the market and to prohibit the placing on the market of novelty lighters (Decision 2006/502/EC).
- Law no. 187 of 22.07.2016 on supplementing the Law No. 105-XV of 13.03.2003 on consumer protection (Directive 1999/44/EC).
- Law no. 256 of 09.12.2011 on unfair terms in consumer contracts (Directive 93/13/EEC).
- Law no. 6 of 26.02.2016 on supplementing the Civil Code on package travel, package holidays and package tours (Directive 90/314/EEC).

- Law no. 8 of 26.02.2016 on the protection of consumers in respect of distance contracts (Directive 97/7/EC, 97/7/EC, 85/577/EEC).
- Law no. 230 of 10.12.2015 on supplementing certain legislative acts (Directive 97/7/EC, 97/7/EC, 85/577/EEC).
- Law no. 200 of 28.07.2016 on supplementing certain legislative acts on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts (Directive 2008/122/EC).
- Governmental Decision no. 1246 of 15.11.2016 on approving the Technical Regulation concerning the products which, appearing to be other than they are, endanger the health or safety of consumers (Directive 87/357/EEC).
- Governmental Decision no. 966 of 18.09.2010 on approving the Regulation on consumer protection in the indication of the prices of products offered to consumers (Directive 98/6/EC).
- Law no. 140 of 28.07.2011 concerning unfair business-to-consumer commercial practices in the internal market (Directive 2005/29/EC).
- Law no. 202 of 12.07.2013 on credit agreements for consumers (Directive 2008/48/EC).
- Law no. 157 of 18.07.2014 on payment services in the internal market (Directive 2002/65/EC).
- Law no. 159 of 18.07.2014 on supplementing art. 344 of the Contravention Code (Directive 2002/65/EC).

### **Statistics**

*The parties will work together to bring legislation in the Republic of Moldova closer in line with EU law in the field of statistics. This cooperation will include work to:*

- *conduct a population census, disseminating its summary and detailed results, and developing a strategy to improve estimated migration statistics;*

Population and Housing Census was conducted in 2014. The data processing had begun in April 2016 and finished in November 2016 (total of 4145812 questionnaires). The National Bureau of Statistics is in the process of analyzing and aggregating the data. According to the Action Plan, on the 31 March 2017 the data were presented publicly (<http://www.statistica.md/pageview.php?l=ro&idc=479&id=5177>).

- *revise the statistical law in line with the recommendations of the global assessment (e.g. to strengthen the position and independence of the Director-General of the National Bureau of Statistics by introducing a fixed term of office and clear recruitment and dismissal criteria), strengthen the protection of statistical confidentiality in the production and dissemination processes, and reinstate the Statistical Council;*

The Law on the official statistics was drafted, according to the EU recommendations and best practices. The Governmental Decision no. 1353 of 16.12.2016 was approved and sent to the Parliament. The Statistical Council will be reinstated after the adoption of the law by the Parliament.

- *improve the quality of the Statistical Business Register by developing and implementing clear procedures for updating economic units, including all available administrative sources, improving coverage of local units and individual entrepreneurs, and restructuring business-related surveys in line with EU standards;*

Currently, the Statistical Business Register is the main database for the development of the aggregate of surveyed enterprises, including sample surveys. Statistical Business Register quality is ensured using both statistical and administrative data. Information on newly registered enterprises and about the change of the existing data in the Register of legal entities comes from the Ministry of

Justice on a daily basis; database of the annual financial reports from the Information Service of the financial reports have used in the formation of the Statistical Register. Information about the VAT payers and their income is used for the statistical Register.

- *implement the 2008 Classification of Products by activity (CPA), the 2010 List of Products of the European Community (PRODCOM) and the 2008 System of National Accounts (SNA), and preparing for the implementation of the 2010 European System of National and Regional Accounts (ESA);*

The Methodology on the System of National Accounts according to the 2008 UN version was fully implemented. The Methodology on International Accounts (BPM6, IMF 2009) was implemented. Currently, the balance of payments and external debt statistics are produced according to BPM6, while the international investment position statistics is produced according to BPM5 (1993). Technical assistance is needed to further enhance the FDI statistics in line with modern requirements.

RM is currently working on the implementation of methodology of the System of National Accounts of the United Nations, the 2008 version, by data base formation and performing experimental calculations of indicators of the Gross domestic product.

The methodology for calculation of Regional gross domestic product and executed calculations for the years of 2013-2014 were developed in current and comparable prices. The calculations were developed by regions of development and economic activities and shipped touses.

- *develop an overall quality assurance framework, including a human resources and training policy.*

The Strategy for Development of National Statistical System 2016-2020 (SDNSS) was approved through Government Decision No. 1451 of 30 December 2016. The approval of the new law on official statistics following the EC Regulation 223/2009 and the generic law of official statistics for EECCA countries were initiated, which set the strategic priorities for the mid-term perspective providing the development and implementation of an overall quality management system, including the human resource and training policy in the National Bureau of Statistics, and at a later stage in the national statistical system.

Thus, following the objectives set by SDNSS and training needs, NBS developed an annual program of professional training for strengthening the professional abilities of statisticians in providing qualitative public services to society. In the same time, the quality and efficiency of training efforts could be improved by implementing the e-learning platform – the electronic training being more advantageous in comparison with the traditional one as it is more flexible and rentable. The platform of knowledge communication may transform into a communication and information share system.

In the modernization process, NBS initiated the process of reorganization of its territorial statistical offices in order to strengthen the human resources and ensure their flexibility, between the headquarter and territorial statistical offices. This fact will allow to concentrate the human resources in the most important phases and processes. In the same time, it will allow to strengthen the human resources in order to anticipate and face the emerging needs of the statistical system.

### ***Public administration reform and management of public finances***

*The parties will work together to ensure the development of a well-functioning public administration sector, sound public finance management policies, and internal financial control and external audit. This cooperation will include work to:*

- *strengthen the institutional and human resources capacity of central and local public administrations, to improve and implement policy and ensure the efficient and effective delivery of high-quality public services;*

In 2016, the Republic of Moldova has made substantial progress in the area of Public Administration Reform (PAR), which became an absolute priority for the Government. Both the Public Administration Reform Strategy (Governmental Decision no. 911 of 25.07.2016) and the Action Plan for its implementation for the period 2016-2018 (on 01.12.2016) were approved by Government. Therewith, the creation of the Center for Reform Implementation was approved (Governmental Decision no. 18 of 11.01.2017). The Center will monitor and support the implementation of the Action Plan for the PAR. The reform will result in the structural and functional change of the Government (ministries, departments, agencies). Another aspect of the reform is focused on increasing the efficiency of the agencies and control bodies. By the Law no. 230 of 26.09.2016, the list of control bodies was revised. An important provision is linked to the institutional reform by which is proposed a list of 13 control bodies (including identification of the control area), and a list of 5 existing authorities (for which the law will be applied partly). Currently, in RM function 64 control and regulatory bodies, and following the reform their number will be decreased to 18. Meanwhile, will be performed the public service modernization process, creating the electronic one-stop shop for permissive documents.

- *strengthen the transparency, oversight and accountability of public finance policy and management;*

The law on public finance and fiscal-budgetary responsibility has been approved (Law no.181 of 25.07.2014), aiming to develop a modern management system of the public finance in Republic of Moldova, based on the sustainable development of public finances, strengthening of budgetary and fiscal discipline and ensuring the efficient and transparent management of public financial resources. It also enables application of the international standards and EU best practice in this area. Additionally, the new Budget classification was drafted in line with COFOG and GFS 2001 (approved by Ministry of Finance's order no. 208 of 24.12.2015). The Methodological set regarding the elaboration, approving and amending the budget was approved by Ministry of Finance's order no. 209 of 24.12.2015, with applicability starting with budgetary planning cycles for 2016-2018.

In the period of 2014-2016 a round of trainings were conducted, that focused on application of the new budget classification and new methodology of elaboration, approving and amending the budget, in accordance with stipulations of the law on public finances and budgetary-fiscal responsibility no.181/25.07.2014, as well as on the new financial management information system (SIMF), which was applied also starting with budgetary planning cycle on years 2016-2018.

In addition, the Regulation on financial monitoring of the state/municipal enterprise and stock companies where a big share is under the state management was approved (Governmental Decision no. 875 of 21.10.2014).

- *improve public financial management (PFM) and implement the Republic of Moldova's PFM strategy for 2013-2020;*

The budget law for 2017 was adopted: Law no.279 of 16.12.2016 (for the first time in the last three years Moldova entered the New Year with an adopted budget law). The costs included in the state budget assume a deviation of 2.5%, falling within 5% limit according to performance indicators of

the budgetary program. A new methodology for budget execution (the 1C application) was developed, tested and introduced in 600 budgetary entities. 23 internal audits, 9 financial inspections, 863 thematic inspections were conducted. The Taxpayer Compliance program for 2016 was approved. Based on the implementation of voluntary Taxpayer Compliance Program in 2015 and 2016, the share of taxes calculated based on 1 MDL sales increased by 35%. The methodology for estimating the tax gap has been approved. Advanced measures were taken to establish a modern system of public procurement in accordance with EU standards (given the approval of 8 normative acts related to activity of the working group, acquisition of works, etc).

In the area of financial management and control, during 2014-2016 were organized multiple workshops: 2015-2 workshops for 57 operational managers. In 2016-17 workshops with the participation of approximately 700 managers.

- *continue to improve the internal control system under decentralised managerial responsibility, including functionally independent internal audits in state authorities by ensuring harmonisation with generally-accepted international standards and methodologies and EU best practice;*

In the area of public internal financial control, the Governmental Decision no. 433 of 15.07.2015 on the financial services was approved. The National Standards on internal control for the public sector have been revised and approved by Order of the Ministry of Finance no.189 of 05.11.2015.

In order to ensure implementation of the provisions of the public internal financial control (PIFC) Law, which specifies the obligation to establish internal audit subdivisions in Central Public Authorities (CPA) and Local Public Authorities (LPA) of second level, were organized 4 awareness seminars, to which participated 80 managers / internal auditors. Therefore, in the CPA were created 21 internal audit subdivisions (where works 35 internal auditors), from which 1 internal audit subdivision is not functional, and at the LPA of second level 24 authorities have internal audit subdivisions (where works 24 internal auditors), from which 12 subdivisions are not functional.

In the area of PIFC, the legal framework was amended, especially the template Regulation of the financial services activity, which was approved by the Governmental Decision no. 433 of 15.07.2015. The National Standards on Internal Control for the public sector have been amended and approved by the Minister of Finance's order no.189 of 05.11.2015, the Regulation on the assessment, reporting of financial management and control and the issuing of the declaration on good governance have been approved by the Ministry of Finance's order no. 73 of 06.06.2014. At the same time was revised the Financial Management and Control Manual in December 2015.

The Code of Ethics for internal auditors and Internal Audit Charter (Template-regulation of functioning of the internal audit subdivision) also have been updated and approved by the Ministry of Finance's order no.74 of 10.06.2014 and the Regulation on certification of internal auditors in the public sector was amended, approved by the Ministry of Finance's order no. 195 of 01.12.2015.

In the area of PIFC, 3 Conferences were organised, attended by 300 managers/ internal auditors from the public sector.

In the field of financial management and control (FMC) 14 trainings were organised for 339 managers, in which were strengthened their capacities regarding establishing the objectives, identification and describe the processes, as well as implementing risk management at the subdivision's and entities level.

Also 55 awareness seminars for 1465 managers were organized, which led to the perception by managers of the implementation ways of the FMC system of the public entities, including the practical application of methods and working tools.

In the field of internal audit in total 18 seminars were carried out, 139 internal auditors were trained, from which 55 internal auditors obtained qualification certificates. Trainings have helped to strengthen the capacity of internal auditors, especially to conduct the internal audit activity according to their regulatory framework in the specific field, conduct of internal audit engagements as required by the National Internal Audit Standards, to conduct performance audits and information technologies, implementation of FMC within the public entity, including the internal audit subdivision, to develop the effective communication skills regarding the results of internal audit activities and the planning of internal audit activities.

Also, 4 workshops were organized for internal auditors within CPA and LPA of second level (124 persons), in which were discussed issues related to the alignment of PIFC to EU requirements, identification of the effective ways of organizing internal audit function at the local level as well as planning and reporting of the internal audit activity.

- *ensure further development of the external audit function of the Court of Accounts, in line with generally-accepted international standards (INTOSAI);*

By the Decision of the Court of Auditors no. 60 of 11.12.2013 and no.7 of 10.03.2014 was decided the application of ISSAI in the auditing activity. In order to strengthen the internal framework, were approved for testing a set of five draft rules concerning the conduct of audits in accordance with the principles of ISSAI (Decision no. 54 of 05.12.2016).

- *ensure effective cooperation with and assistance to the relevant EU institutions and bodies, including the European Anti-Fraud Office for on-the-spot checks and inspections related to the management and control of EU funds, to be provided in line with the applicable rules and procedures.*

On the 26.10.2015 the Cooperation Administrative Agreement between the National Anti-corruption Center (NAC) and OLAF was signed. By Governmental Decision no. 1365 of 19.12.2016 NAC was appointed as contact point for OLAF in Moldova.

The Law no.105 of 25.05.2016 on amending and supplementing the Criminal Code was approved by Parliament. The implementation of the Law provisions aims to ensure a) a better management of international funds, and b) preventing and combating financial fraud committed in relation to funds obtained as external assistance. The Asset Recovery Division, as part of the NAC was created (08.06.2015). This Division is empowered with monitoring and combating high-level corruption.

### **Taxation**

*The parties will strengthen cooperation aiming to improve and develop the Republic of Moldova's tax system and administration based on EU and international standards. This will include preparation to gradually bring legislation in the Republic of Moldova more in line with EU law and the international instruments mentioned in annex to the future Association Agreement, and in particular work to:*

- *improve and simplify tax legislation; improve international tax cooperation to enhance good governance in the tax area, i.e. by implementing the principles of transparency, exchange of information and fair tax competition; improve the capacity of the tax administration, in particular by moving towards a more focused, risk-based system for tax control and audits;*

Based on the modification of the fiscal policy from 2017, the Law no. 281 of 16.12.2016 introduced a new tax for individuals who operate independent entrepreneurial activities, such as trading (stipulated in Chapter 10<sup>2</sup> from the Tax Code)

On the 15.12.2015 an agreement between State Tax Services and e-Gov was signed in order to connect the SFS to Interoperability Governmental Platform MConnect. Through this platform the data exchange between authorities is done in real time and it is reduce the redundancy of data.

The Methodology for fiscal gap estimation was adopted by State Tax Inspectorate Order no. 1720 of 04.12.2014, which supplements the conformity fiscal risks for the calculation of fiscal gaps.

The Strategy on the State Fiscal Service development for 2016-2020 and the Development Plan of the Fiscal Service were approved (3.08.2016). The aim of these documents is to increase the efficiency of the fiscal administrative procedures by excluding the barriers in order to facilitate tax collection. According to the Doing Business Report, in 2016, RM has climbed 24 positions in comparison with the previous year, being on the 31 place out of 190 countries. As for the time required for the taxpayer to comply, it was reduced with 5 hours (186 position) due to the time required to pay taxes on income from wages which in 2015 averaged 89 hours.

The Set of risks on approving the Methodological Norms regarding the determination and classification of risk tax compliance was approved (11.02.2015). The Set was supplemented with two new tax compliance risks based on data from Custom Service (26.05.2016).

- *take measures to harmonise policies to combat fraud and the smuggling of excisable products;*

As regard to the acquis transposition, efforts were made to continue adjusting the excise duties to the European Union level. So, by Law no. 71 of 12.04.2015, Law no. 138 of 17.06.2016 and Law no. 281 of 16.12.2016 on supplementing the fiscal budgetary and customs law was established the excise duty for filter cigarettes as following:

- for the period 01.05.2015-30.06.2016: 200 lei/1000 cigarettes+18 %
- for the period 01.07.2016-31.12.2016: 300 lei/1000 cigarettes+12%, but not less than 400 lei
- for 2017: 360 lei/1000 cigarettes+12 %, but not less than 480 lei
- for 2018: 410 lei/1000 cigarettes+12 %, but not less than 540 lei
- for 2019: 460 lei/1000 cigarettes+12 %, but not less than 610 lei.

- *develop cooperation with the tax administrations of EU Member States by exchanging new experiences and trends in the field of taxation.*

During the period 2014 – 2016 the State Tax Inspectorate and Swedish Tax Agency had a cooperation project oriented towards offering support in the field of tax audit and taxpayer services.

## **Financial services**

*The parties will work together to prepare the Republic of Moldova for implementation of EU law listed in annex to the future Association Agreement and of the international standards listed in the relevant article of the DCFTA. This cooperation will include work to:*

- *improve the administrative capacity of supervisory authorities in accordance with EU law;*

In order to increase the administrative capacity of the National Bank of Moldova, specifically in the area of banking prudential regulation and supervision, in June 2015 was launched a Twinning project with partners from Romania and the Netherlands. The scope of the project is to consolidate

the NBM's capacity in the area of banking regulation and supervision in the context of implementing the Basel III requirements, and, as a result, to minimize the financial systemic risks.

On 30.07.2015 the Parliament adopted 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 NBM in line with Protocol No.4 on the Statute of the European System of Central Banks and of the European Central Bank and other Community rules.

The Regulation on mergers and absorptions by banks was amended by the end of 2015, in order to adjust the notion of dominant position (from 30% to 35%) as to represent the current situation on the market after the number of banks has been reduced from 14 to 11 due to withdrawal of licenses from 3 banks.

The Regulation on liquidity has been amended in order to ensure a prudent management of assets and liabilities with different maturities, and therefore to prevent the risk of excessive liquidity in the banking sector. The new amendments complete the existing requirements with the liquidity maturity band, using the following maturity bands: up to 1 month; 1-3 months; 3-6 months; 6-12 months and over 12 months. New requirements are effective starting with end of June 2016.

In the context of improving the regulatory process of the transactions of banks with affiliates and considering the possibility of persons affiliated to influence the bank, the list of persons considered to be affiliated to the bank has been extended, where developing this concept were taken into account the amendments to the Law on financial institutions produced by the Law no. 233 of 03.10.2016 and international experience in the field.

In July 2016, the following laws were adopted by the Parliament for transposing the Directive 98/26/EC, Directive 2002/47/CE and Directive 2009/44/EC:

- Law no. 183 of 22.07.2016 on settlement finality in payment and securities settlement systems, in force starting with 16.03.2017;
- Law no. 184 of 22.07.2016 on financial guarantee contracts, in force starting with 09.03.2017;
- Law no. 185 of 22.07.2016 on supplementing certain legislative acts in order to harmonize national legislation with the provisions of Law no. 183 and Law no. 184, in force starting with 16.03.2017.

The Law no. 94 of 13.05.2016 amending and supplementing the Law no. 62-XVI of 21.03.2008 on the foreign exchange regulation has been approved. Once the law entered into force (10.06.2016) some additional capital transactions have been liberalised and now there is no need for authorisation from the National Bank of Moldova for carrying out those transactions.

On 08.04.2016 the Parliament adopted the Law no.62 on amending and supplementing certain acts, which include the Law on the National Bank of Moldova (NBM) and the Law on the National Commission of Financial Market (NCFM). The law aims, inter alia, to strengthen the independence of the NBM, establishing that any public authority or any other third party cannot approve, suspend, cancel, censor, adjourn or condition the entry into force of the National Bank's acts, neither may issue opinions ex-ante on National Bank's acts, nor otherwise influence the issuance of the final act of the National Bank. Also, the Law no.62 of 04.08.2017 is meant to strengthen the legal protection of the NBM's employees.

The Law no. 62 of 08.04.2016 amending and supplementing certain acts provides, inter alia, the NBM's attribution to establish the Single Central Securities Depository, as well as operate, regulate and supervise its activity. In this context, on 03.10.2016 the Parliament adopted the Law no.234 on the Single Central Securities Depository (in force since 04.10.2016). The draft of this law was developed by the National Bank with the assistance of the International Monetary Fund. Subsequently, the National Bank has developed and submitted to the Government a draft law amending and supplementing existing legislative acts in order to bring them in line with the Law nr.234 of 10.03.2016.

On 10.04.2016 entered into force the Law no. 232 of 03.10.2016 on banks' recovery and resolution, which partially transposes into national legislation the Directive 2014/59/EU on recovery and resolution of banking institutions, document embodying EU efforts to create an effective crisis management framework for financial institutions.

- *establish contacts and exchange information with the EU financial supervisors;*

In 2014 a Memorandum of Understanding between the National Bank of Moldova and the Federal Financial Supervisory Authority of Germany on cooperation in banking supervision was concluded. Also, in 2014 the National Bank has renewed negotiations with the banking supervisory authorities of Austria, France and Italy in order to sign agreements on cooperation in banking supervision. Authorities from these countries supervise the work of banking groups holding substantial shares in some banks from Moldova.

Given the fact that the European Central Bank became responsible for carrying out specific tasks in the field of prudential supervision of credit institutions from the European Union (including supervision of banking groups from the EU which hold substantial shares in some banks from Moldova), the National Bank of Moldova initiated discussions with the European Central Bank on the modalities of bilateral cooperation, being examined the possibility of signing an agreement for bilateral cooperation in banking supervision (at some point in the future). The existence of such an agreement with the European Central Bank could exclude the need for signing agreements between the National Bank of Moldova and banking supervisory authorities from the European Union.

- *develop national legislation on preventing and combating money laundering and the financing of terrorism, in particular by: implementing EU legislation in these areas; strengthening cooperation with the Financial Action Task Force (FATF), the Council of Europe, in particular the latter's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), any other relevant authorities in EU Member States; and signing Memoranda of Understanding between the Republic of Moldova's financial intelligence authorities and EU Member States;*

The law no.105 of 25.05.2016 on amending and supplementing the Criminal Code was approved by Parliament. The implementation of the Law provisions aims to ensure a) a better management of international funds, and b) preventing and combating financial fraud committed in relation to funds obtained as external assistance. The Asset Recovery Division, as part of the NAC was created (08.06.2015). This Division is empowered with monitoring and combating high-level corruption.

Additionally, the draft law on preventing and combating money laundering and financing of terrorism was approved by the Government Decision No. 1458 of December 30, 2016 and registered in the Parliament under No. 22 of February 03, 2017. The draft law is currently examined within the parliamentary commissions.

The National Risk Assessment in the AML/CFT area has been conducted by the national stakeholders coordinated by Office for Prevention and Fight against Money Laundering and supervised by World Bank experts. On 14 of March 2017 the confidential Report on identified risks has been adopted by the National Anticorruption Centre.

Since 2014 year the MONEYVAL Committee of Council of Europe adopted 2 follow-up progress reports of Republic of Moldova (December 2014 and 2016). The Committee has appreciated the progress achieved in the AML/CFT area by Republic of Moldova and satisfied that progress on the deficiencies is on track, especially through the adoption of the AML/CFT new legislation.

A legal high level adviser has been appointed in March 2016 by EU Commission to assist Office for Prevention and Fight against Money Laundering to strengthen the national AML system. As a result a number of projects have been launched using EU, TAIEX, OSCE, Twinning instrumentalities.

Office for Prevention and Fight against Money Laundering established a good cooperation framework on reciprocity principle with FIU from 15 EU countries based on bilateral agreements already signed.

### ***Industrial and enterprise policy***

*The parties will work together to improve the business and regulatory environment in the Republic of Moldova, especially for small and medium-sized enterprises (SMEs), including microenterprises. This cooperation will include work to:*

- *ensure that the Republic of Moldova participates in the Small Business Act for Europe (SBA) Assessment, and implements its recommendations;*

Republic of Moldova participates for the second time in the “Small Business Act” Assessment in Eastern Partnership region, which monitors the progress in the implementation of the ten principles of the Small Business Act for Europe and measures convergence towards EU practices and standards. The SBA Assessment provides policymakers with a detailed overview of SME policy performance and gives direction on how to make improvements within each policy area. Moreover, it identifies strengths and weaknesses in the design, implementation and monitoring and evaluation of policies and support programs while comparing country progress to previous assessments.

The result of the assessment is the publication of the SME Policy Index 2016 - a benchmarking tool for emerging economies to monitor and evaluate progress in policies that support small and medium-sized enterprises, developed by the Organization for Economic Co-operation and Development in a joint effort with the European Commission, the European Bank for Reconstruction and Development and European Training Foundation.

- *ensure that the Republic of Moldova participates in related projects on strengthening SME competitiveness, such as the Programme on Competitiveness of Enterprises and SMEs (COSME) and the Enterprise Europe Network (EEN);*

On the 7<sup>th</sup> of April 2015, RM has ratified the agreement on participation to the EU Program on Competitiveness of Enterprises and SMEs (COSME). On the 4<sup>th</sup> of May 2015, the working group responsible for COSME program was created.

In 2015, Contact Points for Enterprise Europe Network in Moldova were established, being represented by a consortium of four organizations: Chamber for Trade and Industry (lead partner), the Organization for Small and Medium Enterprises Sector Development, Innovation and Technologic Transfer Agency and Moldovan Community Association for the Technology Transfer. This consortium is enabled to apply for COSME financing.

The target audience of the Enterprise Europe Network are Moldova Small and Medium Enterprises from all sectors of economy willing to internationalize, as well as European enterprises (enterprises from the network countries) requesting information on Moldova and searching for partnerships in Moldova. After two years of implementation, Business-INN-Moldova consortium submitted a new application that was accepted and will ensure the continuation of Enterprise Europe Network for the period 2017-2018.

- *ensure that the Republic of Moldova takes into account the needs of the SME sector and related infrastructure and SME competitiveness when designing and implementing future rural and/or regional development assistance programmes;*

In order to strengthen the public-private dialogue, the Government approved the Decision no. 93 of 22.02.2017 regarding the establishment of the Advisory Council for SMEs (consisting of representatives of the public, private and civil society) with the aim to improve the legislative and regulatory framework impacting the creation and development of SMEs; to make recommendations regarding the development and implementation of programs and policies to support SMEs in accordance with the requirements of the single market and enhancing product quality requirements according to European standards; to identify the key issues and needs of SMEs; to raise awareness among the public and stakeholders on issues of SMEs.

- *move forward on implementing the SME Strategy 2012-20 (e.g. by further developing science and technology parks and business incubators, as included in the Strategy) and the country's Competitiveness Strategy, which is part of the National Development Strategy 'Moldova 2020';*

The development of the SME sector is one of the priorities of the Government. One of the most important achievements is the approval of the new Law on the SME (Law no. 179 of 21.07.2016) according to ten principles of the Small Business Act for Europe. In this context, can be underlined the adoption of the Government Decision no. 1064 of 16.09.2016 on the pilot Programme for Women in Business. The purpose of the Programme is to provide integrated financial and non-financial support to women in business through grant support for investment, and associated business development services. To maximise long-term impact of available funds, the Programme will target support to women entrepreneurs at three different stages of business development:

- 1) Planning to start a business,
- 2) Start-ups managed or owned by women, and
- 3) Growing businesses managed or owned by women.

The updating of the Roadmap for improving competitiveness was approved at the Government meeting of 27.04.2016 (Government Decision no. 806 of 29.06.2016). One new element of this is the matrix of policies that will help to increase economic competitiveness by mobilizing the efforts of all Ministries, Central administrative authorities and other involved institutions. Among the strategic objectives of the new document one can mention: (i) increasing the intensity of market competition, (ii) integration into the European Research Area, (iii) facilitation of prime trade and improving the customs and tax legislation, (iv) development of e-commerce, (v) improve energy efficiency, (vi) ensuring a security supply of electricity and natural gas, (vii) increasing road quality and State coverage degree, (viii) ensuring the stability and integrity of the financial system of the State, (ix) ensuring the convergence of national standards of quality to those from Europe in the field of education, research, etc.

RM continues the implementation of the SME Strategy 2012-2010. The expected impact of this Strategy is to increase (i) the number of SME's to 25 for 1000 inhabitants until 2020; (ii) the

numbers employees in the SME's sector to 65 % until 2020; (iii) the share of SME's up to 38 % of GDP until 2020.

In order to harmonize legislative and regulatory framework in the field of small and medium enterprises according to European recommendations and align in this context to the principles of the SBA for Europe, the Action Plan for 2015-2017 of SME Sector Development Strategy for 2012-2020 was supplemented with a new priority direction "Women's entrepreneurship development", which includes concrete actions to promote and encourage women to launch a business. Introduction of the new priority in the Action Plan was guided by the need to pay a greater attention to women's involvement in entrepreneurship, due to the large number of migrant women who would like to work or develop their own business in Moldova.

In June 2016, the SME Sector Development Strategy for 2012-2020 and the Action Plan 2015-2017 for its implementation was complemented by a new Priority Direction „Green economy development for SMEs”. The achievement of specific objectives for this priority direction will allow promoting green development in our country and in the region that would definitely create premises for new and more rewarding jobs, develop new green businesses, green products and services, address climate change and build natural capital for sustainable economic growth and wealth creation.

- *ensure that the Republic of Moldova actively participates in the SME panel and in related fora dealing with the development and review of SME policy;*

The Republic of Moldova representatives participated to the SME panels that took place between 2014 and 2016 and to the Committee for COSME implementation.

In 2016, ODIMM represented Moldova at the COSME Committee Meeting that took place on 14-15 June in Brussels. Within this meeting the stakeholders were informed about COSME priorities and challenges that countries are facing in implementing the programme. Moreover, ODIMM had separate meetings with EC representatives, including EASME, for eligible programmes for RM - COSME, Horizon 2020, Erasmus etc.

- *move forward with the creation and implementation of a conceptual, legislative and operational framework stimulating the development of SME clusters in the Republic of Moldova.*

By focusing on industrial clusters perception, the draft decision supplementing the Innovation Strategy for the period 2013-2020 "Innovation for Competitiveness" was approved by Government Decision no. 28 of 01.02.2016 and was amended with provisions on clusters. The goals, objectives and general principles of the development of the industrial clusters sector are determined in the Concept of development of the industrial sector clusters of Moldova, approved by Government Decision nr.614 of 20 August 2013. However, in our vision, the capacity to generate innovation is only possible in the long term, after the companies will learn to copy, reproduce, improve and optimize existing technologies by strengthening cooperation between these and the academic and educational institutions, organizing the business under form of cluster associations.

Additionally, a legislative initiative establishing a consultative nature of state controls carried out in small and medium sized enterprises for 3 years after their establishment was promoted. So, this initiative was incorporated in the Law on SME (Law no. 179 of 21.07.2016). The expected impact of its application is the sustainable development of micro, small and medium-sized enterprises by improving the legal and economic environment in which they are created and functioning. Furthermore, considering the consultative character of state control, and taking into account the

Small Business Act for Europe, the law stipulates that the substantive fiscal-financial control should be organized not more often than once every 3 years. One important element of the Law is to strengthen the public-private dialogue by establishing the SME's Consultative Council, approved by Government decision nr. 93 of 22.02.2017.

### ***Mining and raw materials***

*The parties will work together to prepare for implementation of the future Association Agreement in the area of mining and raw materials. This cooperation will include work to:*

- *start a dialogue on the mining industries and trade in raw materials;*
- *work together on the safety and sustainable development of the mining industries.*

The mining and raw material subject was discussed during the Moldova-EU cluster II meeting on “Industrial & Enterprise policy, Mining & Metals, Tourism, Company Law & Corporate Governance, Consumer Protection, and Taxation”. The event took place on the 5<sup>th</sup> of July 2016, in Brussels.

The Moldovan side is in the process of promoting country’s participation in the relevant activities of Horizon 2020 (according to the agreed Operational Conclusions).

The help of the European Commission (DG GROW) was requested for establishing contacts and exchange of knowledge with EU Member States.

### ***Tourism***

*The parties will work together to:*

- *create a roadmap on strengthening the development of a competitive and sustainable tourism industry and outlining the steps needed to deepen the collaboration between the Republic of Moldova and the EU in the field of tourism;*

The draft law for supplementing the law on the organisation of the tourist activity in the RM has been approved in 1<sup>st</sup> reading by Parliament (23.12.2016). The draft provides among others, clear procedure for attestation of tourist guides.

In 2014, the Tourist Routes Guide was drafted. 20 tourist routes have been included in the Guide. In April 2015 it was officially launched.

- *continue to exchange best practices and share knowledge, training and education in the field of tourism.*

The Tourism Agency of the RM participated in 24 fairs and exhibitions during 2014-2016, mainly in Slovakia, Israel, Germany, Romania, Poland, Japan, Great Britain, Russian Federation etc.

Under cluster II meeting on “Industrial and enterprise policy, mining and raw materials, tourism, company law and corporate governance, consumer protection and taxation” was organized a videoconference on the tourism domain on the 23<sup>rd</sup> of November 2016. During this meeting was made an overview of the tourism sector of the RM and it was agreed that the EU will provide support for benefiting of a TAIEX mission.

### ***Agriculture and rural development***

*To prepare for implementation of EU law and international instruments mentioned in annex to the future Association Agreement, the parties will work together to:*

- *develop and implement the policy, legal and institutional framework (including food safety requirements and marketing standards) in the area of agriculture and rural development;*

- *develop and implement a new action plan to bring the sector more in line with EU policies and legislation on agricultural policy and rural development;*

The Action Plan for implementing the National Strategy on rural and agriculture development 2014-2020 was approved by Governmental Decision no. 742 of 21.10.2015.

Out of 46 Directives and Regulations needed to be transposed by the Republic of Moldova, 19 (41,3 %) are already transposed, including:

- Law no. 276 of 16.12.2016 regarding the subsidies in agriculture and rural development.
- Governmental Decision no. 356 of 11.06.2015 on approving the Technical Regulation on „Wine market organisation”.
- The Order no. 149 of 04.08.2015 of the Ministry of Agriculture regarding the procedure for approval of food products specification with origin denomination, geographical indications and guaranteed traditional specialties”.
- Law no. 97 of 13.05.2016 on supplementing the Law no. 66-XVI of 27.03.2008 on the protection of geographical indications and origin denomination products and guaranteed traditional specialties.
- Governmental Decision no. 1020 of 02.09.2016 on approving the Requirements for imports and trading of hops (Regulation EC 1295/2008).
- Governmental Decision no. 136 of 24.02.2014 on transposing the Directive 66/401/EEC on the marketing of fodder plant seed.
- Governmental Decision of 11.01.2017 on supplementing the Governmental Decision no. 929 of 31.12.2009 on approving the technical regulations on quality and marketing requirements for fruit and vegetables
- Governmental Decision of 28.12.2016 on approving the Requirements laying down detailed rules as regards methods for the analysis and quality evaluation of milk and milk products (Regulation EC 273/2008).
- Governmental Decision no. 16 of 19.01.2009 on approving the Technical regulation for Products based on vegetable fats.
- Governmental Decision no. 1034 of 08.09.2016 on supplementing the Governmental Decision no. 773 of 2013 as regards the marketing standards for poultry meat (Regulation 543/2008).

- *train central and local administrations on rural development policies*

Both central and local administration civil servants participated in different trainings, including those organized with support of the Ministry of Agriculture and Rural Development of Republic of Poland, though a bilateral cooperation project. As well under EU supported programmes. Cooperation with Serbia was launched with a view to share experience in supporting agriculture and rural development in Taraclia and UTAG Gagauz-Yeri.

- *improve the competitiveness of agricultural production and the diversification of economic activities in rural areas;*

The global agricultural production in all households reached 118, 6% in 2016, compared with 2015. This increase was determined by the increase in the plant production (26 %) and animal production (3,1 %). The Government, using the subsidizing funds supports the producers in investing in different areas. For 2016 year, the subsidizing fund amounted 700 mln lei, out of which 380,8 mln lei from the ENPARD program. The Law on subsidizing principles for the farmers was approved by Parliament.

The Regulation on conditions, order and procedure for granting the funds from the National Fund for Agricultural and Rural Development is in the process of public consultations.

An important impact for increasing competition is given by ENPARD project, Fruit Garden (EIB project), IFAD VI, MAC-P Competitive agriculture.

As a result of subsidizing and investment in the agricultural domain, new work places were created: 4815 in 2014; 5230 in 2015; 5303 in 2016.

- *strengthen the capacity of the Paying Agency to ensure transparency, efficiency and predictability of disbursed state aid;*

The Agency for Intervention and Payment in Agriculture (AIPA) benefits of a Twinning project “Capacity building of the Moldovan Agency for Intervention and Payment in Agriculture for the application of EU norms and standards for the administration of ARD support schemes”. This Twinning project is undergoing with the help of a consortium formed by Agrarmarkt Austria (AMA) of the Republic of Austria, the State Agriculture Intervention Fund (SZIF) of the Czech Republic and the Agency for Restructuring and Modernization of Agriculture (ARMA) of the Republic of Poland, on the other side, financed by the European Union in the framework of the ENPARD MOLDOVA – Support to Agriculture and Rural Development .

The overall objectives of the EU Twinning Project are to support the Ministry of Agriculture and Food Industry in improving its financial capability and governance to implement the Agriculture and Rural Development policy objectives and to strengthening the institutional capacity of the AIPA to administer Agriculture and Rural Development support measures in line with EU norms and standards.

- *improve the sustainable use of land and water resources in the agri-food sector.*

The Program for the conservation and improvement of soil fertility for the period from 2011 to 2020, approved by Government Decision no. 626 of August 20, 2011, is a document of strategic coordination at national level directed to stop the degradation and enhancing the fertility of the soil. In order to achieve the mentioned objectives, the Government Decision no. 138 of 24.02.2014 on the Action Plan on implementation of Program of conservation and enhancement of soil fertility for the years 2014-2016 was approved. The aim of this Program consists in implementing measures to stop degradation and increasing the fertility of soil by upgrading and extending the system of land improvements, implementation of modern technologies and eco-friendly agricultural practices.

The Program for development of water management and hydro ameliorations in the Republic of Moldova for the years 2011-2020, approved by Government Decision no. 751 of 05.10.2011 is a document of strategic coordination at national level regarding the extension of the irrigation areas. Taking into consideration the necessity to extend the irrigated lands and to mitigate the consequences of droughts, a sub-measure regarding the stimulation of farmers to compensate the spending on irrigation was included in the Regulation of subsidy on the mode of distribution of funds of the National Fund for the Development of Agriculture and Rural Environment.

## **Regional development**

*The parties will work together to:*

- *develop a legal and institutional framework to carry out effective regional development policy in the Republic of Moldova, including in regions with special status;*
- *strengthen the institutional and operational capacity of national, regional and local institutions in the field of regional development and territorial cohesion, including work on developing an effective system of multi-level governance and a clear division of responsibilities;*

The National Regional Development Strategy for 2016-2020 was adopted by the Law no. 239 of 13.10.2016.

It provides a comprehensive framework for strengthening institutional and operational capacities of national institutions in the field of regional development.

As part of the overall efforts to better coordinate regional policies, RM implements the EU Strategy for the Danube region. The representatives of our country participate to the meetings and annual SUERD Fora. At the national level, the management mechanism and implementation of the Strategy was consolidated by creating the Implementation Unit, with the support of the Austrian Development Agency.

The Financing Agreement for the Programme Interreg V-B Danube was negotiated with the European Commission (DG REGIO), that ensures the participation of the RM in the next call for proposals for transnational projects within SUERD. RM can benefit of transnational projects valued at 5 mln EUR.

- *ensure even development of the entire territory of the Republic of Moldova, based on the strategic approach set out in the territorial planning documents and implemented through a territorial operational programme, including the diversification of economic activity in small towns and developing regions;*
- *strengthen the social and technical infrastructure in developing regions by implementing development projects based on consistent and time-bound regional development strategies, taking into account the need to support balanced territorial development across the entire territory;*

In 2016, a project portfolio was drafted, for sectors as: water supply and sanitation-15 projects (including feasibility studies); local and regional roads-15 projects; energy efficiency-12 projects; solid waste management-1 project.

According to the Decision of the National Council for Regional Development Coordination no. 7/16 of 02.09.2016 regarding the distribution of financial resources of the National Fund for Regional Development (NFRD) for 2016 were approved projects amounting 139,8 thousand lei:

- Road infrastructure-74,5 mil lei
- Water supply and sanitation-25,6 mil lei
- Means for environment improving-05, mil lei
- Tourist attraction-6,9 mil lei
- Business support-32,4 mil lei.

For the regional development, in 2016, 137,4 mil lei were directed from the NFRD as following: Regional Development Agency (RDA) North-52,7 mil lei, RDA Center-28,6 mil lei, RDA South-51,1 mil lei and RDA Gagauzia-5,0 mil lei. Meanwhile, 7 GIZ projects are being implemented in the region mainly in the area of solid waste management, energy efficiency and water supply and sanitation.

- *develop and implement a new action plan on regional development policy based on an operational programme derived from the national strategy of the 'Moldova 2020' agenda;*

For drafting the concept on National Landscaping Plan a collaboration agreement between the Ministry of Regional Development and Construction and the Czech Development Agency (CDA)

was signed in June 2016. Efforts are being made to draft the Governmental Decision on approving the National Landscaping Plan.

- *train central and local administrations on good governance and the latest methodologies in urban and rural development policy, including with regard to urban-rural interrelationships to support a more balanced development of the country as a whole.*

Training courses for the experts in the regional development area were organised on topics as: Regional development; Continuous training program "Integrated strategic planning at the local and regional level".

In the framework of technical assistance projects implementation along with the European partners support, topics related to urban development, rural and strategic planning, were organised, including:

- Technical assistance projects implemented annually with the support of the Polish Ministry of Economic Development (PMED)
- TAIEX technical assistance projects implemented with the support of experts from the Ministry of Environmental Protection and Regional Development of Latvia;
- The project „Modernization of Local Public Services (MLPS) funded by the German Government and implemented by the German Agency for International Cooperation (GIZ).

### ***Fisheries and maritime policy***

*The parties will work together to:*

- *step up cooperation and work towards creating sustainable fisheries in the Black Sea, both in the context of bilateral and multilateral frameworks, based on an ecosystem approach to fisheries management;*

Republic of Moldova is actively engaged in the activities of the International Commission for the Protection of the Danube River (ICPDR). At the same time, the Environmental Protection of International River Basins (EPIRB) project was implemented in the reporting period, being funded by the European Union. In order to launch collaboration with other partners in the field of fishery and aquaculture, proposals for collaboration and exchange of experience have been sent to the Ministry of Agriculture and Food of Republic of Bulgaria. The assistance of the Food and Agriculture Organisation of the United Nations has also been requested in such areas as the fight against illegal, unreported and unregulated fishing, improving the strategies for aquatic biodiversity conservation and for sustainable exploitation of fisheries resources, developing a methodology for aquatic resources research in order to assess the fish stocks, the calculation of fishing effort and the assessment of commercial and recreational fishing.

In October 2016, Moldova attended the High Level Conference towards Enhanced Cooperation on the Black Sea Fisheries and Aquaculture (București), where the Declaration for Enhanced cooperation on the Black Sea Fisheries and Aquaculture was adopted. The Minister of Environment submitted a request to the President of the General Fisheries Commission for the Mediterranean on the examination of a possibility for the Republic of Moldova to join the Commission. The request will be examined during 2017 and the decision will be taken at the meeting of the parties in October 2017.

- *increase scientific and technical cooperation to ensure the capacity of monitoring fisheries and evaluating the state of the stocks of marine resources and the marine environment;*

In order to improve the situation in such areas as fishery, the conservation of aquatic biological resources in the transboundary Prut river basin and their recovery, the Ministry of Environment has

established collaborative relationships with the relevant institutions from Romania, and continuously carries out a mutual exchange of data and experience in the areas of fisheries management, conservation and sustainable management of fish stocks, all based on the Agreement between the Government of Romania and the Government of the Republic of Moldova on cooperation in fishery resources conservation and fishing regulation in the Prut river and in Stânca-Costești reservoir. Thus, during the reporting period, several working sessions of a mixed working group were held with the aim of implementing the provisions of the mentioned Article, while actions of inspection and control on both shores of the Prut river and Stânca-Costești reservoir have been organized in collaboration with the empowered Romanian institutions (the Romanian National Agency for Fisheries and Aquaculture). Furthermore, several activities have also been coordinated with regards to fishery, prohibited zones and prohibition period in the transboundary Prut river basin. An exchange of information regarding the detected criminal (or non-criminal) activity has been carried out, while certain measures were taken to improve the situation in fishery.

The fishery prohibition period has been established jointly with the Romanian side for the first time in 2016. Furthermore, the Order of the Ministry of Environment No. 113 of November, 25<sup>th</sup> 2015 banned the commercial and industrial fishing in natural aquatic sites in 2016.

In 2016, 2 meetings there were held with the Representatives of the Romanian National Agency for Fisheries and Aquaculture from the Institute for Research and Development for Aquatic Ecology, Fishing and Aquaculture from Galați, where the launch of a joint research on the assessment of the aquatic resources in the Prut river and Stânca-Costești reservoir was discussed, as well as the necessity to take measures for populating them with juvenile fish on both the Moldovan and the Romanian sides and halting commercial fishing in Romania.

- *foster an integrated approach to maritime affairs, especially by looking into the possibility of setting up a national contact point in the Republic of Moldova;*
- *identify areas of common interest for future Black Sea cooperation in the context of the EU Integrated Maritime Policy.*

A dialogue between the national experts and the experts from EU Integrated Maritime Policy from the Black Sea Region was established. RM participated at the ministry level to the Conference that took place in Odessa, in 2016.

RM participated to the discussions for drafting the concept on the Facility for blue economy development in the Black Sea region.

## **Energy**

*The parties will work together to:*

- *take steps towards integrating the Republic of Moldova's energy market with that of the EU, including by implementing the 'third package' on electricity and legal measures governing gas, taking into account the Energy Community Ministerial Council's decision on the timing for unbundling in the gas sector, and by implementing the roadmap for improving gas and electricity interconnections between the Republic of Moldova and Romania, including extending the Iași-Ungheni gas pipeline to make it possible to use it to deliver gas to the Republic of Moldova;*

RM makes continuous efforts in transposing the 3<sup>rd</sup> energy III Package. On the 27<sup>th</sup> May 2016, the Law no.107 of 05.27.2016 regarding electricity and Law No. 108 of 05.27.2016 regarding natural gas were approved by Parliament. The purpose of these laws is the establishment of a general legal framework to organize, regulate, ensure effective functioning and monitoring of the natural gas and

electricity sector meant to supply consumers with gas and electricity in affordable conditions, availability, reliability, continuity, quality and transparency; free access to natural gas and electricity market; ensure balance between supply and demand, appropriate level of network capacity of natural gas / electricity, including interconnections, market development of natural gas / electric power and integration in a market of natural gas / electricity competitive, establish measures to ensure the security of natural gas supply / energy security, proper performance of public service obligations, consumers rights protection and the rules aimed to protect the environment.

Additionally, gas and electricity suppliers and distribution operators have been legally unbundled.

In order to finalize the transposition of the 3<sup>rd</sup> Energy Package, i.e. part related to Regulator's independence, the Government of Moldova elaborated and approved the draft Law on energy, submitted to the Parliament by Government Decision No. 778 of 21.07.2016. It was approved in the first reading on November 4<sup>th</sup>, 2016. The draft Law is tentatively scheduled for examination in the second reading for April, 2017.

With the entry into force on 8 July 2016 of the Law no. 107 and 108 of 27.05.2017 regarding the electricity and natural gas, the National Agency for Energy Regulation drafted and approved the roadmap for liberalization of the electricity and natural gas markets.

Aimed at enhancing the security of the gas supply to RM, the Government is currently working on the construction of Ungheni-Chisinau natural gas pipeline that will interconnect transport systems of RO with RM(phase II). The total project cost is aprox. 113 mil EUR. At this stage, several actions have been taken, namely:

- the Feasibility Study and the Environmental and Social Impact Assessment were developed, publicly consulted and approved (2015-2016);
- Loan Agreements were signed with EBRD and EIB amounting to 41 mil Euros each for the construction of the pipeline (on 19.12.2016). The EU has committed to grant co-financing for the project;
- project technical design will be completed in august 2017;
- the construction of the Ungheni-Chisinau gas pipeline is estimated to be finalized between end of 2019 – beginning of 2020.

In parallel, the electricity interconnection Project between the Republic of Moldova and Romania is being developed. The draft feasibility study for the Isaceea-Vulcanesti-Chisinau OHL has been presented in December 2016. Currently, the Environmental and Social Impact Assessment Study of the Project is under development process.

- *implement EU legislation on strategic reserves of oil products and increasing power generation on the right bank of the Nistru river, and further reduce transmission and distribution losses in electricity, gas and heat networks;*

The Law on strategic reserves of oil products, transposing the Directive 2009/119/EC has been drafted and is in internal consultation process.

For reducing the distribution losses in heat networks, in April, 2015, the Project for improving the efficiency of centralized heat supply was signed. The Project completion date is June, 2020. The value of the project constitutes 40,5 mil USD.

Also, in order to reduce losses in electricity sector, the common Project financed by EBRD and EIB on Rehabilitation of Moldelectrica Transmission Network has been initiated in May 2012. As a

result, Loan Agreements were signed valued at 20 mil USD and respectively 17 mil EUR. In addition, the Project has an 8 mil EUR grant component. The mentioned Project aims at reducing the technological losses up to 20 %.

- *implement national legislation on renewable energy, to increase the share of renewable energy sources in total gross consumption of energy to 17% by 2020, and adopt and implement laws to transpose the EU Directives on energy efficiency, especially on the energy performance of buildings and on labelling and standard product information on the consumption of energy and other resources by energy-related products.*

The law on the promotion of the use of energy from renewable energy sources has been approved by Parliament on 26.02.2016 (Law no.10), transposing Directive 2009/28/EC. The aim of this law is to increase the gross consumption of energy to 17 % by 2020.

After the approval of this law, the process of drafting the secondary legislation has started:

1. Governmental Decision on designating the central electricity supplier;
2. The Regulation on organizing auctions for providing the eligible producer status;
3. The Regulation on confirming the eligible producer status;
4. The Regulation on organization and functioning of the Energy Efficiency Fund;
5. National Renewable Energy Action Plan(NREAP);
6. Regulation on the certification of installers of biomass boilers, furnaces or stoves, solar photovoltaic systems and solar thermal systems, shallow depth geothermal and heat pumps, with a capacity not exceeding 50 kilowatts.

According to the last available data, the share of energy from renewable sources in gross final consumption constitutes 14.2%, of which, 1,98% - electricity, 25,95% – heating and cooling (biomass based) and 0,03% in transport sector.

The installed power generation capacity from renewable energy sources is covered by 27 producers, of which, 16 MW – small hydro, 2.38 MW – Photovoltaics, 2.33 MW – Wind turbines and 2.81 MW – Biogas CHP.

### **Transport**

*The parties will work together to prepare for implementation of EU law mentioned in the annexes to the future Association Agreement and to support the Republic of Moldova. This cooperation will include work to:*

- *implement the newly developed, comprehensive transport and logistics strategy for 2013-22;*

Based on the Transport and Logistics Strategy for 2013-2022 and the Implementing Action Plan (Governmental Decision no. 827 of 28.10.2013) 124 km of road have been rehabilitated; 150 km in work; 114 km-finalizing the tender procedure; 523 km of road planned for elaboration of the Feasibility Study and design and for 264 km-the financing hasn't been identified.

We underline the approval of the following acts:

- Government Decision No. 437 from 20.04.2016 for the approval of the Regulation on issuing, replacement, change and renew of the digital tachograph cards and the downloading, storage of the data from tachographs and their cards
- Government Decision No. 475 from 20.04.2016 on the approval of the terms of installation, repair and verification of tachographs and speed limiters.
- Government Decision No. 143 from 18.02.2016 for the approval of the Regulation on the inland transport of dangerous goods

- Law no. 111 of 27.05.2016 on ratifying the Agreement concerning the adoption of uniform conditions of approval and reciprocal recognition of approval for motor vehicle equipment and parts, done at Geneva on 20 march 1958.
- Government Decision No 733 of 9 June 2016 for the approval of the Regulation on the accelerated phasing-in of double-hull or equivalent design requirements for single-hull oil tankers.

- *bring in necessary reforms so that the Republic of Moldova can be removed from the black list of the Paris Memorandum of Understanding;*

The Ministry of Transport and Roads Infrastructure has developed an Action Plan which would allow the Republic of Moldova to exit the “black list” of The Paris Memorandum of Understanding on Port State Control. This plan focuses on improving the technical requirements for safe operation of ships, the improvement of the tasks of recognized organizations and the proper performance of the Flag State control. Also, the Action Plan improved the procedures of selection of the ships to be registered in the Republic of Moldova’s State Registry of Ships, automatically rejecting substandard ships, the setting up of the implementation procedures of the regulatory framework, etc. For supporting this Action Plan, a twinning light is foreseen to be implemented in May 2017.

The P.I „Harbour Master Giurgiulesti” has already issued a series of Circular Letters drawing the attention of the shipping community on the necessity of compliance with the provisions of the international agreements, under the sanction of removal from the State Registry of Ships for the vessels detained (arrested) twice in the same year.

To decrease the number of substandard vessels under the Republic of Moldova flag, it is foreseen to establish a specialized body empowered to duly perform flag state and port state control duties. In this regard amendments in the national legislation concerning the creation of the Naval Agency have been introduced (the Law nr. 230 dated 23.09.2016 amending the Law nr. 131 dated 08.06.2012 on State control of the entrepreneurial activity), and were drafted other amendments which were approved by the Government on 22.03.2017 (the draft Law amending the Law nr. 599 dated 30.09.1999 on approval of the Commercial Navigation Code of the Republic of Moldova).

Also, new amendments to the Contravention Code of the Republic of Moldova, have introduced a series of new sanctions aimed at bringing a better compliance with the international requirements regarding the safety of navigation and ship operation security.

In 2016, 32 vessels whose technical or operating conditions did not meet the requirements of international conventions or the relevant legislation have been removed from the State Register of Ships. The registration in the State Register of Ships has been refused for 17 vessels that were not fully compliant with the requirements of the international conventions, international sanctions or the relevant national legislation.

- *prepare a reform and restructuring programme for the railway sector;*

The railway transport sector is in the process of restructuring, which envisages (1) creation of the Railway Agency (2) creation of the Agency for Investigation and Analysis in Transport and (3) adopting a new Railway Transport Code.

The efforts to rehabilitate the railway infrastructure are supported based on an investment plan by EBRD (52 mln Euro Loan signed in November 2014 and ratified by Law no. 120 of March 27, 2015.) Through this loan, three years technical assistance project is supporting the railway reform.

The Loan Agreement is destined for the purchase of approximately 10 new locomotives, for the implementation of an energy management information system, staff rationalization and rehabilitation of railway infrastructure.

Within the same Moldovan Railways Restructuring Project, a NIF Grant of 5,25mln Euro was given via EBRD as technical assistance. A road map for the modernization and restructuring of the railroad sector was presented by the Consultant under aforementioned technical assistance by the end of February 2017. The road map should be presented to approval by the Government after being consulted with the relevant stakeholders.

- *step up efforts to implement the EU aviation law in order to take full advantage of the Common Aviation Area Agreement between the EU and the Republic of Moldova;*

RM continues the efforts for transposing the EU acquis and the Directives and Regulations stipulated in the Common Aviation Area Agreement. So far 16 pieces of the EU acquis foreseen in the Agreement have been transposed, and other major laws are to be approved (Aviation Security, Liability & Insurance, and Accident Investigation).

A new Aviation Code was drafted and approved by the Government (Governmental Decision no. 1465 of 30.12.16). It is to be examined and adopted by the Parliament in 3<sup>rd</sup> quarter of 2017.

- *develop infrastructure, in particular by implementing priority projects for the development of the Eastern Partnership transport network, depending on bankable project proposals from international financial institutions that are suitable for Neighbourhood Investment Facility funding.*

Seventeen infrastructure projects were prepared, through detailed project identification forms. These projects were evaluated and ranked through working groups following a methodology elaborated in line with EU requirements. The seventeen projects constitute “Transport Single Project Pipeline (SPP)”. This SPP was presented to the International Financial Institutions in the Transport Investment Conference in Rotterdam June 2016.

### ***Environment***

*The parties will work together to prepare for implementation of EU law and international standards, in particular to:*

- *ensure that the Republic of Moldova adopts a national environmental strategy and an action plan to implement it;*

The National Environmental Strategy 2014-2023 and the Plan of Actions for its implementation were approved (Governmental Decision no. 301 of 01.04.2014).

Besides this, following acts were adopted:

- National Strategy for Waste Management for 2013-2027(Governmental Decision no. 248 of 10.04.2013);
- National Strategy on Water Supply and Sanitation (WSS) 2014-2028 (GD no. 199 from 20.03.2014); National Strategy on Biodiversity 2015-2020 (GD no. 274 from 18.05.2015);
- National Plan for expansion of forest areas 2014-2018 (GD no. 101 from 10.02.2014);
- National Program for implementation of the targets under the Protocol on Water and Health in the Republic of Moldova (GD no. 1063 from 16.09.2016);
- Program for gradual phase-out hydrochlorofluorocarbons for 2016-2040 and the Action Plan for its implementation in the years 2016-2020 (Government Decision no. 856 of 13.07.2016)

The following environmental policy documents are under development:

- Strategy on Atmospheric Air Protection;
- Action Plan for the sustainable management of chemicals for 2016-2020;
- Implementation Plan for the Stockholm Convention on Persistent Organic Pollutants;;
- Regional Sectorial Programmes on WSS and WM (reflected in the 3 Regional Development Strategies 2016-2020);
- Floods Risk Management Master Plan; National Strategy on radioactive waste management 2016-2027;

- *adopt and implement national legislation and designate competent authorities in the fields of environmental impact assessment, strategic environmental assessment, waste and resource management, water quality and management, air quality, nature protection, industrial emissions and management of chemicals;*
- *develop an action plan to provide a roadmap for the transposition, implementation and enforcement of the environmental directives set out in the Association Agreement;*

Starting with 4<sup>th</sup> of January 2015, the new Law no. 86 of 29.05.2014 regarding the environment impact assessment was applicable, which establishes a legal framework and mechanisms for evaluation according to Directive 2011/92/EU. So far, were registered and examined 255 applications submitted by economic agents on the environmental impact assessment of the activities planned by them and issued 4-5 environmental agreements for planned activities with significant environmental impact.

Additionally, the Governmental Decision of 14.12.2016 concerning the Regulation on public access to environmental information (transposing Directive 2003/4/EC) has been approved.

The draft Law on Strategic Environmental Assessment has been approved by Parliament on 02.03.2017 (transposing Directive 2001/42/EC).

In the field of **air quality**, the Regulation on the sulphur content of certain liquid fuels, harmonized with the provisions of Directive 1999/32/EC was approved by the Government (Governmental Decision no. 414 of 08.04.2016) transposing Directive 1999/32/CE. With support of regional project implemented by the GIZ “Building capacity to achieve alignment with the EU climate targets in the Eastern Partnership countries’ (EaP Climate)” it was initiated an assessment of the institutional framework, of the monitoring system and air protection and a Study which highlighted the situation in this area will be put in place. Also the Road Maps for harmonization of the Directives 2008/50/CE, 2004/107/CE, 2004/42/CE, 2001/81/CE, 94/63/CE will be developed.

In the field of **water quality**, the Water Law and 22 normative acts (with those approved in 2013) were adopted, transposing commitments in this area. Also, advisory bodies have been established for management and protection of water resources in the Dniester and Prut River Basins - Committees of Dniester, Danube-Prut and Black Sea river basin districts. 2 draft Management Plans of Dniester and Danube-Prut-Black Sea river basin districts are developed.

The Regulation for the establishment of information system of water resources in Moldova (SIRA) was approved by Governmental Decision no. 672 of 30 May 2016.

In the field of **waste management** the Law on waste (no. 209 from 29.07.2016), was published on 23.12.2016 and will enter into force 12 months after publication. It introduces in the Republic of Moldova the principle of extended producer responsibility and new regulations on waste management in accordance with Directive 2008/98/EC. The mechanism of implementation the Law on Waste is currently under development.

In the field of **chemicals** the Law on chemicals was approved by Government and is under discussion in the Parliament.

- *continue to implement multilateral environmental agreements, in particular the Espoo, Aarhus and Rotterdam Conventions;*
- *carry out the necessary institutional reforms to implement new environmental laws and policy.*

In order to ensure implementation of the adopted legislation, it is necessary to provide the institutional framework. In this context, it has been initiated a comprehensive analysis of all institutions within environmental protection system from the Republic of Moldova and developed an institutional reform Concept, by strengthening existing capacity and creating of new structures such as the Environment Agency. The approval of the draft Concept and environmental institutional reform depend on overall public administration reform.

### ***Climate action***

*The parties will work together to strengthen dialogue and cooperation on climate change, to:*

- *prepare and sign a new global agreement on climate change;*

On the 21<sup>st</sup> of September 2016, the Republic of Moldova has signed the Paris Agreement on climate change. The Government has recently approved the draft Law for ratification of the Paris Agreement on greenhouse gases emissions reduction (Governmental Decision no. 41 of 30 January 2017).

- *set out a strategic plan and develop measures to mitigate and adapt to climate change;*

The National Strategy on Adaptation to Climate Change until 2020 and implementation Plan (GD no. 1009 from 10.12.2014) is under implementation.

- *bring legislation in the Republic of Moldova more in line with applicable EU acts and international instruments.*

Another achievement is the approval on 14<sup>th</sup> of December 2016 of the Low emission development Strategy until 2030 and the Plan of Actions for its implementation (LEDS). As well, the Programme for gradual halogenated phase for hydrochlorofluorocarbons for the years 2016 to 2040 and action Plan for its implementation in the years 2016-2020 (Government Decision no. 856 of 07/13/2016) were adopted.

### ***Information society***

*The parties will work together to prepare for the implementation of EU acquis mentioned in the annexes to the future Association Agreement, in particular to:*

- *bring the legislation in the field of electronic communications more in line with EU law;*

The following acts in the field of electronic communications have been approved:

- Law no. 91 of 29.05.2014 on electronic signature and electronic document
- Law no. 174 of 25.07.2014 on the functioning and organization of the Emergency National Service 112
- Governmental Decision no. 811 of 29.10.2015 on approving the Cyber-security national program 2016-2020
- Governmental Decision no. 241 of 03.03.2016 on approving the National Program for implementing the Emergency National Service 112.
- Law no. 28 of 10.03.2016 on access to properties and shared use of infrastructure associated with public electronic communications networks”. This law establishes the rules and conditions for: a) access to public or private property for construction (installation), maintenance, dismantling, replacement, transfer or retooling of public electronic communications networks or infrastructure elements necessary for their operation; b) shared use of physical infrastructure elements situated on, over, in or under public or private property, which can be used for the installation of public electronic communications

networks; c) shared use of infrastructure elements associated with public electronic communications networks for installation, maintenance, dismantling, replacement, transfer or retooling of public electronic communications networks and provision of electronic communications services to end users; d) authorization of construction (installation), dismantling, replacement, transfer or retooling of public electronic communications networks and infrastructure elements associated with those networks.

- *carry out activities to strengthen the independence and administrative capacity of the national regulator in the field of communications, in order to ensure its ability to take appropriate regulatory measures and enforce its own decisions and all applicable regulations and to guarantee fair competition in the markets;*

Adoption of the draft law amending and supplementing the Law on Electronic Communications no.241-XVI of 15 November 2007, approved by Government Decision no.1036 of 12 September 2016 and submitted to the Parliament (registered no.368).

- *strengthen the sector by exchanging information and experience on the implementation of the Europe 2020 Initiative 'The Digital Agenda for Europe'.*

The National Strategy for information society development “Digital Moldova 2020” approved by Government Decision no. 857 of 31.10.13 is based on the priorities fixed in the Europe 2020 Initiative “The Digital Agenda for Europe”.

The Strategy represents the vision and objectives of Information Society development in the Republic of Moldova, offers solutions, determines necessary actions, implementation stages and establishes a monitoring and evaluation framework to accomplish this objective.

The aim of the Strategy is to create favourable conditions for the development and wide use of the ICT potential by public institutions, business environment, citizens, whereas the state involvement will be minimal, but with maximum of efficiency.

### **Public health**

*The parties will work together to:*

- *support the Republic of Moldova in preparing for the implementation of EU health law, as mentioned in the annexes to the future Association Agreement, in particular concerning legislation in the areas of tobacco control, quality and safety of substances of human origin (blood tissues, organs, and cells) and communicable diseases;*

Out of 14 acts stipulated in the Associated Agreement, already 6 have been transposed by the RM:

- Governmental Decision no. 1207 of 02.11.2016 on approving the Sanitary Regulation on cosmetics;
- Governmental Decision no. 1056 of 15.09.2016 on approving the Sanitary Regulation on food enzymes;
- Governmental Decision of 09.11.2016 on approving the Sanitary Regulation for small drinking water systems;
- Governmental Decision no. 290 of 14.03.2016 on approving the Sanitary Regulation on the organisation and carrying out of alcohol control;
- Governmental Decision no. 393 of 04.05.2016 for approving the Norms regarding the medical examination of drivers and candidates for driving license;

- *exchange best practices in implementing the Framework Convention for Tobacco Control and the International Health Regulations;*

The law for the tobacco control has been adopted, Law no. 124 of 29.05.2015, according to the Framework Convention for Tobacco Control (FCTC) and the International Health Regulations. The

Counseling and Treatment Service for giving up smoking was created. The report on the implementation of the Framework Convention for Tobacco Control of the World Health Organization was drafted and presented to the FCTC Secretariat.

- *strengthen preparedness, training and epidemiological surveillance of communicable diseases, in particular HIV/AIDS, tuberculosis, sexually transmitted infections, and hepatitis C and B, including by interacting with the European Centre for Disease Prevention and Control;*

In the area of preventing the cross-border transmission of hazards to public health was approved the Governmental Decision no. 531 of 03.07.2014 regarding the implementation of the International Sanitary Regulation for preventing the cross-border transmission of hazards to public health.

As well, we underline the adoption of the Action Plan for the implementation of the National Strategy on preventing and control of non-communicable diseases (Governmental Decision no. 403 of 06.05.2016).

- *support the Republic of Moldova's participation in EU public-health-related networks and working parties, such as the annual network meeting on health information and the HIV/AIDS Think Tank and HIV/AIDS Civil Society Forum meetings.*

RM participates in the 3<sup>rd</sup> EU Health Program "Health for Growth" (Law no. 178 of 21.07.2016). The ratification instrument was sent to European Commission on the 23<sup>rd</sup> September.

### **Civil protection**

- *ensure effective 24-hour-a-day communication, including exchange of early warnings and information on large-scale emergencies affecting the EU and the Republic of Moldova, as well as third countries in which either of the parties is involved in disaster response;*

Basing on the work plans for implementation of the Moldova – EU Administrative arrangement on cooperation in the field of civil protection for 2012 – 2014 and for 2015 – 2016, 24-hour-a-day communication between the Civil Protection and Emergency Situations Service of the Ministry of Internal Affairs of Moldova (CPESS) and Emergency Response Coordination Centre of the European Commission has been ensured. At the same time Moldova and European Commission has been exchanging relevant early warnings. CPESS has received Global Disaster Alert and Coordination System reports on a daily basis.

In March – April 2015, CPESS participated in Germany and Denmark to a training course on communication and information exchange with the EU member states relevant services. In May 2015 the 24/7 communication and exchange of information capacities of the operational dispatch services were trained during the field exercise "Safety in the risk situations – 2015" (more than 200 persons with more than 50 special vehicles).

- *facilitate mutual assistance in the event of major emergencies, as appropriate and subject to the availability of sufficient resources;*

During 2014 – 2016 no major emergencies occurred in Moldova.

- *promote the adoption and implementation of EU guidelines on host nation support;*

Draft Government Decision on approval of the Regulation on host nation support in emergency situations was developed in 2016. It is scheduled to be adopted in 2017.

- *improve the knowledge base on disaster risks and economic losses by strengthening cooperation on data accessibility and comparability;*

On 27 April 2015 Civil Protection and Emergency Situations Service of the Ministry of Internal Affairs adopted Decision no. 98 on approving Methodical Recommendations on analysis of possible emergency situations at the level of district, municipality, Gagauzia administrative – territorial unit and of impact to population, economy and environment. As a follow-up on 5 May 2015 there was adopted Directive no. 136-d on identification and assessment of the possible emergency situations at the level district, municipality, Gagauzia administrative – territorial unit.

- *progress with the development of a country-wide disaster risk assessment and mapping, and support the development of the Electronic Regional Risk Atlas (ERRA) and ensure its effective use at national level;*

In 2014 Electronic Regional Risk Atlas was installed at the servers in Czech Republic and became operational. In 2016 national component of ERRA was installed at servers in Moldova.

- *improve prevention of industrial or ‘natech’ (natural and technological) disasters;*

Moldova and EU agreed that following the EU analysis of the questionnaire filled by the Moldovan authorities on industrial risk management, there will be developed a joint tailor-made Action Plan (trainings, technical and legislative support, software). This arrangement was reiterated in 2016.

- *start a dialogue on the policy aspects of disaster prevention, preparedness and response by exchanging best practices, organising joint trainings, exercises, study visits and workshops, and summarising lessons learnt in real emergency operations and exercises;*

In 2015 Moldova and EU initiated dialogue to strengthen bilateral cooperation in the field of civil protection with the aim of bringing Moldova closer to the UE Civil Protection Mechanism. The dialogue has continued in 2016.

- *continue to develop prevention activities, by educating, training and informing the general population, in particular young people, in the field of fire protection.*

During 2014 – 2016 CPESS carried out regular information campaigns on different types of emergency situations. Information materials developed with the support of the Programme for the Prevention, Preparedness and Response to natural and man-made disasters in the Eastern Partnership countries (PPRD East 2) were used in this context.

Republican Training Center on Civil Protection continued to provide thematic preventions trainings, including for the youth.

### ***Education, training, and youth***

- *The parties will work together on the overall modernisation and reform of the education, training and youth systems in the Republic of Moldova. This cooperation will include work to:*

*Carry out joint activities and exchanges that further promote the Republic of Moldova’s integration into the European Higher Education Area, in the context of its membership in the Bologna process, including by reforming the third cycle (doctoral education) and setting up a National Agency for Quality Assurance and increasing mobility opportunities for students and university staff;*

In order to ensure Moldova's participation in building European Higher Education Area in the context of the Bologna Process objectives, two strategic documents in the field of education were adopted:

- Education Code approved by the Law No 152 of 17.07.2014, published in Official Monitor No 319 – 324 of 24.10.2014.
- Sectoral Development Strategy for the years 2014-2020 - Education 2020, approved by Government's Decision no. 944 on 14.11.2014.

The new Education Code as well as the Strategy are reconceptualizing the national education system in order to modernize it based on European standards. These documents outline strategic directions of development in education based on three main pillars: access, equity and relevance of education.

By GD No 652 of 13.09.2014 was created the National Agency for Quality Assurance in Vocational Education (ANACIP). Subsequently, other documents were approved in order to ensure its functionality such as the Regulation on the organization and functioning of ANACIP (GD No 191 of 22.04.2015) and the Methodology and criteria for external quality assessment of study programs in higher education institutions (GD No 616 of 18.05.2016). Currently, ANACIP is a functional structure providing external quality assessment for accreditation of study programs in the field of training 14. Educational Sciences and the authorization for provisional functioning of 4 bachelor programs, 1 master program and 7 doctoral programs.

During 2014 - 2015, several study programs in the country received international accreditation from Quality Assurance Agencies from Romania (ARACIS), Germany (AQAS) and Estonia (EKKA).

In recent years, the structure of higher education in Republic of Moldova was connected to the structure of European educational systems by transforming doctoral studies as the third cycle of higher education. As a result:

- research activities were returned to universities;
- was facilitated the recognition of study documents and qualifications internationally;
- better synergy between education, research and innovation.

For regulating this process the following normative acts were elaborated and approved:

- a) Regulation on the organization and functioning of doctoral programs;
- b) Recommendations for the elaboration of the Framework Plan for the third cycle;
- c) Financing mechanisms for the third cycle – doctoral studies.

- *Develop a national qualification framework to improve transparency and recognition of qualifications and competences;*

In order to connect professional training in Republic of Moldova to European standards and to ensure academic and professional mobility of Moldavian citizens, were approved:

- In higher education - 143 qualifications with the involvement of 300 economical agents, social partners and other stakeholders.
- In secondary and post-secondary technical and vocational education and training – were approved 67 professional qualifications (17 in secondary and 50 in post – secondary technical and vocational education and training).

In 2015, a new Classification of professional training fields in post-secondary technical and vocational education and training was approved. Currently, a similar Classification for higher education waits to be approved.

- *Promote academic cooperation, capacity building and student and staff mobility through the new Erasmus+ programme and researchers' mobility and training Marie Skłodowska-Curie actions;*

During 2014 – 2016, the Ministry of Education, jointly with the National Office of Erasmus + Programme continued the activity of promotion of Erasmus + Programme, through seminars, information campaigns and ads placed on the web site of the Ministry and Erasmus + Office.

In 2015, in Republic of Moldova continued the implementation of 15 EU TEMPUS projects won by schools in the previous period. Also in 2016, the same as in 2015, four Jean Monnet projects were selected for funding.

Regarding the Erasmus + Programme, in 2016 were obtained the following results:

- For Key Action 1, Credit Mobility – out of 80 submitted applications 36 projects were selected for funding. The projects imply 499 mobility periods, respectively:
- For Moldavian students – 181 mobility periods, for Moldavian teachers – 145 mobility periods;
- For students from EU – 61 mobility periods and for teachers from UE countries – 108 mobility periods.

Three Capacity-building projects in the field of higher education received approval for funding in 2015, from European Commission under Key Action 2 Capacity Building in Higher Education. In 2016, out of 41 submitted application of Moldavian universities 4 projects were selected for funding.

The participation of the Republic of Moldova in Erasmus + Programme has a major importance in:

- promoting academic mobility as one of the main objectives of the Bologna Process;
- increasing institutional capacities of Moldavian universities;
- Connecting national higher education institutions to European standards and values for a more dynamic participation of HEI in the international academic community.

- *Implement and support a strategic approach to vocational education and training (VET) with a view to bringing the Republic of Moldova's VET system in line with the modernisation of EU VET structures, as pursued through the Copenhagen Process and its instruments;*

Moldova, in cooperation with the European Union continued to pursue the objectives outlined in the vocational education training (VET) reform program, which targets correlation between labor market demand and the training of specialists from VET field. Thus, during the years 2014-2016 a comprehensive reform was conducted in technical vocational education system in both its structure and content.

Based on the Action Plan for restructuring the network of vocational-technical educational institutions, for the years 2015-2020 (Government's Decision no 230 of 4 May 2015) was approved the reorganization / restructuring of the network of technical vocational educational institutions.

An important objective of the reform refers to the creation of Centers of Excellence in VET. Thus, in 2015, five Centers of Excellence were created in Constructions, Transport, Light industry, Services and food processing, Informatics and Information Technologies, and in 2016 six more Centers were created in the field of education (GD No 786 of 23.06.2016); culture (GD No851 of 08.07.2016); medicine (GD No 744 of 10.06.2016); agriculture (GD No 781 of 22.06.2016).

These Centers will promote the performance of professional training in VET and provide methodological consulting for the entire VET system.

In this context, referring to VET dimension, the activity of the Ministry of Education was focused primarily on:

- The development of the National Framework of Qualifications for VET (currently, 53 qualifications were approved);
- Modernization of the curricula for this level of training;
- Continuing the process of network restructuring (currently, 23 VET institutions were reorganized);
- Starting with 2016 the new funding formula was piloted in all VET institutions;
- The testing of the dual system of professional training for a number of trades in cooperation with national and international economical agents.

- *Encourage a strategic approach to youth policy and improve exchanges and cooperation in the field of non-formal education for young people and youth workers, as a means of promoting intercultural dialogue and supporting civil society, including through EU programmes in the youth field.*

In order to ensure the recognition of skills acquired in informal and non – formal education was elaborated and approved the Regulation regarding the certification of knowledges and competences acquired in informal and non – formal education (approved by the decision of the Collegium of the Ministry of Education from 27.12.2016 and implemented by the Order of the Ministry of Education No 1082 of 29.12.2016).

Recently, on 1 March 2017, was approved the Regulation on continuing education of adults. This document sets the conditions that must be met by services providers, the way of organizing general education and continuous training of adults, the modality of assessment and certification of skills acquired by the graduates.

The implementation of the new document will help develop programs for lifelong learning and will help improve the quality of training services.

A new Youth Law was adopted by the Parliament in July, 2016. The new law contains a multitude of new concepts/definitions that weren't defined before such as: the youth activity (youth work); non-formal education of young people; youth worker; youth organization; youth center; local youth council; etc.. Also, according to the law, by the end of 2017 the Nation Agency for Programs Development and Youth Work should be established and fully functioning. Also, according to the law, at the end of 2017 will be established the National Agency for Programs Development and Youth Work.

According to the „Youth Inclusion” project, implemented by the OECD and financed by UE, the process of developing a Study on current situation and prospects for status recognition of youth worker in Moldova has started. The study will provide a general overview on the existing state of things in youth worker field, and also offer a variety of options for recognition and development of the profession of youth worker. Also, the study will present the changes and additions that need to be made in current legislation for achieving that objective. The Study should be concluded in the second half of 2017.

The National Development Strategy for the youth sector 2020 and the Action Plan for its implementation were approved in December 2014. In 2017 will be accomplished an evaluation of the Action Plan of the National Development Strategy for the youth sector 2020, and based on the results, there shall be developed a new Action Plan for the 2018-2020 period.

Every year, the Ministry of the Youth and Sports carries out the National Grants Program, a contest based program, which is committed to sustain and develop the Youth sector in the Republic of Moldova. Through the Program, the Ministry is looking to offer logistics support and financial grants to non-profit organizations that have as their primary objective developing the youth sector, strengthening the public administration – civil society cooperation. During the 2014 – 2016 periods, approximately 70 youth projects were implemented with the support offered by the Ministry of the Youth and Sports, through the Grants Program.

Concerning the accessibility of the youth programs offered by the European Union, in particular through the Erasmus Plus Programm, it is up to youth organizations, or individuals from Republic of Moldova to apply online. NO data?

### **Research and innovation**

*The parties will work together to:*

- *Facilitate the Republic of Moldova's integration in the European Research Area (ERA);*

On July 1<sup>st</sup>, 2014, Republic of Moldova and the European Union signed the Agreement on the participation of the Republic of Moldova in the Union Programme Horizon 2020 – The Framework Programme for Research and Innovation (2014-2020). The status of Horizon 2020 associated country opened the Republic of Moldova the possibility to participate in all H2020 calls, to make use of all the available instruments and take the necessary actions in order to facilitate its full-fledged integration into the European Research Area (ERA).

In order to facilitate the Republic of Moldova's integration into the ERA the Academy of Sciences of Moldova (ASM) has undertaken a number of important steps among which one can mention participation in the Mutual Learning Science Exercises (MLE): Research Performance based Funding Systems (RPBFS) and Open Science.

At the same time, the ASM has benefited from the external expertise in the national R&D sector reform process, which was carried out by an international expert mission within the Policy Support Facility under the H2020. The recommendations made by the expert group in their final report <https://rio.jrc.ec.europa.eu/en/library/horizon-2020-policy-support-facility-peer-review-moldovan-research-and-innovation-system> were taken into consideration when drafting the necessary amendments to the national R&D legislation.

Another important aspect is the Republic of Moldova's participation in the EURAXESS Programme, EU Strategic Committee and Working Groups such as: ERAC, SFIC, JRC, JPC, ESFRI, Smart Specialization activities, EU Strategy for Danube Region etc.

Also, the representatives of the Republic of Moldova actively participate in the JPIs, EraNets, and other multilateral and regional programmes, initiatives and activities within ERA.

- *Enhance the Republic of Moldova's participation in the Horizon 2020 programme;*

The Academy of Sciences of Moldova continues to actively capitalize its status of H2020 associated country by supporting the National Contact Points Network, ensuring the good functioning of the Moldovan Office for Science and Technology (IGLO under the European Commission), promoting the EURAXESS program, organizing information and promotional events.

In order to acknowledge the EU support, promote the results of the national science system and the opportunities offered within H2020 the ASM organized the following events: Researchers Nights, Science Slams and different networking events with the participation of R&D institutions, representatives of SMEs, NGOs, media and other agencies.

The National Contact Points (NCP) Network contributed to the organization of promotional events, info days, consultancies and other activities aiming to provide a better implementation of the H2020 Programme. Also, ASM together with the NCP Network have provided various trainings on Gender Issues, IPR, Marie Skłodowska Curie Actions, SWAFS, Research Infrastructure, ICT, Health, and in other domains.

In order to facilitate participation in H2020, 3 new national calls were developed and announced. Their goal is to support mobility of researchers, offer bonuses for project participants, and connect Moldovan centers of excellence to the EU research infrastructure.

At present, over 250 proposals were submitted under Horizon 2020, and the European Commission has taken a positive decision to support 26 projects with the participation of Moldova's representatives.

- *Move forward on implementing the Innovation Strategy 2013-20, 'Innovation for Competitiveness';*

During 2016, the Agency for Innovation and Technology Transfer of the Academy of Sciences of Moldova (AITT) moved forward on implementing *the Innovation Strategy 2013-20, 'Innovation for Competitiveness'*.

A new Master course on "Innovation Management and Technology Transfer" is taught in four universities of Moldova. The course combines 12 mandatory models and 4 optional. This curriculum was implemented within the Tempus "TECTNET" project in: the State University of Moldova, the Technical University of Moldova, the State Agrarian University of Moldova, the State University "Alec Russo" from Balti. Due to the implementation of this project, Technology Transfer Offices were opened in these universities.

In order to promote the national innovation companies, AITT in partnership with [Visorial Information Technology Park](#) and [Consultus Magnus](#) from Lithuania drafted the Catalogue of innovation companies of RM, which is available at the AITT web page <http://aitt.md/ro/publicatii.html> in English version. After printing this Catalogue, it will be forwarded to European business communities, public institutions, Embassies of RM abroad, as well as to other foreign representations of RM.

Currently, in the Republic of Moldova is functioning Informational Centre of Enterprise Europe Network (EEN) within the consortium „Business-INN-Moldova” which offers the support in expanding economic and trade relations with EU countries. The Consortium was founded in 2011 by the Agency for Innovation and Technology Transfer (AITT), Chamber of Commerce and Industry (CCI RM), Organization for Development of SME sector (ODIMM) and Moldovan Technology Transfer Network (MTTN). These partners have founded the center which offers a wide range of services for business environment and integrates innovative technologies in business administration activity. Until now, AITT contributed to the signing of partnership agreements between four companies: two from Romanian and other 2 from Moldova.

- *Reinforce human, material and institutional resources in order to improve research and innovation capacities;*

In order to reinforce human, material and institutional resources in order to improve research and innovation capacities at the national level the ASM has reviewed the national programs, evaluation criteria and performance indicators. It has organized trainings to improve the project writing, management, reporting and auditing skills etc.

Participation in the EURAXESS Programme is related to Human Resource Management activities.

Through EURAXESS Programme the researchers in motion can get the necessary information and assistance. At the same time, the National EURAXESS portal offers helpful information about professional and daily life of researchers, vacancies and financing opportunities. By implementing the ‘Human Resources Strategy for Researchers’ to which Moldova is a part the research institutions and funding organizations could be involved in the implementation of the Charter & Code principles in their internal policies and practices. The implementation of the Charter & Code principles by research institutions will help them be attractive for the potential employers while looking for a new job position in science and technology field.

Institutions respecting the Charter & Code principles could be awarded with the Excellence in Research Logo by the European Commission.

At present, there are 5 Moldovan institutions awarded with the mentioned logo and several more are awaiting their nomination.

- *Reinforce the Republic of Moldova’s participation in Marie Skłodowska-Curie actions.*

In order to promote H2020 Marie Skłodowska-Curie Actions (MSCA), the ASM organized a number of trainings, consultations, seminars and info days.

The projects submitted for MSCA actions by R&D institutions of the Republic of Moldova reflect the increased interest of researchers to participate in this program. After the organization of over 35 information days an impressive number of project proposals from the Moldovan researchers were submitted, from which four projects were supported by the European Commission and several more are in the process of evaluation. The supported projects include four R&D institutions and two SMEs. Their implementation started in January 2017.

## **Culture**

The parties will work together to:

- *Promote implementation of the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions;*

In order to create an effective safeguard system for the Men’s group “Colindat” as a cultural phenomenon, through complex actions of identification, documentation, research, protection, revitalization, maintaining viability, circulation and promotion of this element of heritage, it was developed and approved the State’s Programme on safeguarding the habit of Men’s group “Colindat”, which was included in the UNESCO representative List of the intangible cultural heritage of humanity (2016-2020), approved by Government Decision No. 1323 of 8 December 2016.

The State Programme establishes sustainable ways of protecting the custom included in the UNESCO list in December 2013 and its salvation from extinction. Young men will assume community functions, thus increasing social cohesion and youth role in organizing cultural life and the perpetuation of traditions. This Programme was developed and adjusted to international principles of interventions in communities to safeguard a habit, without causing side effects such as excessive commercialization, transfer of the custom from its forms and genuine places to the ones on stage will be avoided according to the latest recommendations of UNESCO – lack of agreement between the carrier groups and the direct involvement of communities.

- *Cooperate on developing an inclusive cultural policy in the Republic of Moldova and on preserving and promoting cultural and natural heritage;*

In the context of promoting the implementation of UNESCO Convention 2005 on the Protection and Promotion of the Diversity of Cultural Expressions, as well as to develop and implement a policy on valorisation of the cultural historic heritage in Republic of Moldova was implemented the COMUS Project.

Until now, the development of COMUS Project in Moldova has resulted in: organizing and carrying out events on awareness and community mobilization, such as: conferences, debates, workshops, tours organized in order to know the value of local cultural heritage, etc. All these activities had an impact on making community life more dynamic in relation to strategic urban planning process and in increasing its interest in relation to cultural heritage tourism.

In order to include cultural elements of indigenous culture in the UNESCO World Heritage List, in 2015 has been completed and submitted to the UNESCO Office in Paris the nomination file “Traditional techniques for making carpets”, jointly with Romania. And in 2016, on 1 December, the file “Traditional techniques of making carpets” was included in the list by decision of the UNESCO Intergovernmental Committee for the Safeguarding of Intangible Cultural Heritage.

- *Strengthen capacities for developing cultural entrepreneurship in the creative and cultural industries and cultural heritage;*

In order to strengthen capacities in the field of cultural heritage, in 2016 in Moldova was started the implementation of the first Twinning project in the field of cultural heritage within the “Framework Programme in support of EU-Republic of Moldova Agreements 2013”, which means support for promotion of cultural heritage of the Republic of Moldova through its conservation and protection.

In order to create conditions for disseminating best practices in the field of creative industries development, for offering opportunities to perform mobility to develop capacities in this field, has been promoted within the Eastern Partnership the initiative of creating a regional platform for the development of creative industries.

Within the EU – Eastern Partnership Culture and Creativity Programme the sector of creative and cultural industries is promoted, with the purpose to develop and strength capacities in this area. The Programme represents a platform of disseminating best practices, of exchanging, and of communication between the Eastern Partnership countries. Such activity was conducting a National Cultural Forum in Moldova: Statement for Creative Cities Development in Moldova: Recommendations from cultural and creative sectors on 15 November 2016.

Through the Culture and Creativity Programme of the Eastern Partnership an expert was selected to develop the Roadmap for supporting start-ups in the field of creative industries and to develop entrepreneurial skills of the cultural operators within the Culture and Creativity Programme of the

Eastern Partnership. Also, in common with the Eastern Partnership Culture Programme was developed a study on the situation of the theatres in Moldova.

- *Promote the participation of cultural actors from the Republic of Moldova in cultural cooperation programmes, including Creative Europe.*

In order to support the capacity of cultural and creative sectors in the Republic of Moldova to operate transnationally and internationally, and to strengthen the financial capacity of small and medium organisations from cultural and creative sectors in a sustainable way, Republic of Moldova joined “Creative Europe” Programme of the European Union by adopting the Government Decision Nr. 104 of 27.03.2015 on approval of the draft law ratifying the Agreement between Republic of Moldova and the European Union on Moldova's participation in the “Creative Europe” Programme for the cultural and creative sectors and on cooperation between Republic of Moldova and the European Union in the “Media” Sub-programme of “Creative Europe”, signed in Brussels on 18 March 2015.

Through this Programme, in 2016 the NGO “OWH Studio” has obtained funding to carry out the International Film Festival “Cronograf”.

In order to promote the “Creative Europe” Programme at national level, the Creative Europe Desk Moldova was established by the Ministry of Culture’s Order No. 135 of 29.06.2015 on the activity and functions of the Creative Europe Desk Moldova.

During 2015, approximately 200 different cultural operators (4 information sessions) benefited from training sessions organized by the Ministry of Culture on “Creative Europe” Programme of the European Union. In 2016 the number of beneficiaries has increased by 50% to over 300 persons (8 information sessions) and for 2017 we plan to inform approximately 400 persons. The Desk currently includes three persons: a general coordinator, a coordinator of the Culture sub-programme and a coordinator of the Media sub-programme.

In the Culture sub-programme, in 2015 were submitted 4 applications, and in 2016 – 8 applications. In the Media sub-programme, in 2015 was submitted the Documentary Film Festival “Cronograf” Project, which was financed in 2016 with about 30 000 Euro by “Creative Europe”.

#### ***Audiovisual policy and media***

- *The parties will work together to prepare for implementation of EU law mentioned in the annexes to the future Association Agreement. This cooperation will include support for the Republic of Moldova to:*

*Work towards adopting audiovisual legislation in compliance with European standards, including by exchanging views on audiovisual policy, applicable international standards including cooperation in the fight against racism, and xenophobia;*

During 2014-2015, five awareness and training seminars were held on fight against racism and xenophobia (2 seminars in Bălți, 2 in Comrat and 1 in Chişinău). They were involved local, regional and national TV broadcasters. Also, in 2016, was organized a training on topic for journalists.

On December 8, 2016, in order to transpose into national law the Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 (Audiovisual Media Services Directive), has been reviewed in the first reading the draft Law no.404 on Amendment and supplementation of the Broadcasting Code.

- *Strengthen the capacity and independence of regulatory authorities/bodies for the media and in particular work towards the full independence of the Audiovisual Coordination Council;*

On July 1, 2016 the new Audiovisual Code was examined in the first reading in the parliament. The draft contains provisions reforming the Audiovisual Coordination Council in order to strengthen the independence of the Council.

- *Amend legislation in order to guarantee that public financial assistance for the media is allocated according to strict objective criteria equally applicable to all media.*

No legislative initiatives have been submitted on this action.

Since 2013 Audiovisual Coordination Council (CCA) organizes the annual call for funding TV broadcast projects. The projects are funded using the CCA Fund (1% of annual revenues of broadcasters in Moldova) and the total amount of funding is 1-2 million lei / year. About 70% of which is allocated to local and regional broadcasters.

## 2.5. Trade and trade related matters (DCFTA)

### Trade in goods

*The parties will work together to prepare the correct implementation of the provisions on market access for goods, including energy, of the future Association Agreement, in particular through joint consultations, to:*

- *increase the Republic of Moldova's export capacity;*

In 2016, the EU remained Moldova's main trading partner. The exports of goods to EU countries (EU-28) amounted to USD 1 332,4 million (9.4% more than in 2015), holding a share of 65.1% in the total value of exports (61.9% in 2015). The exports are oriented mainly to the following EU countries: Romania, Italy, United Kingdom of Great Britain and Northern Ireland, Germany, France, Poland, and Netherlands. Meanwhile, the imports of goods from the EU totalled USD 1973,7 million (an increase of 1.0% as compared to 2015) representing a share of 49.1% in total exports (49.0% in 2015), and the main import partners: Romania, Germany, Italy and Poland.

With regard to the fulfilment of duty free tariff-rate-quotas for the export of fruits to the EU it is worth mentioning that during 2016, the annual TRQ quota for table grapes for Moldova has been totally used. Taking into account that 10000 tons of grapes were exported to the EU market in 2016, the Government of Moldova has asked the EU to consider the possibility of reviewing the volume granted under the duty-free TRQ for table grapes. At the same time, the share in the exports of apples was recovered modestly: 74 tons out of 40000 tons (0.1%), and for plums: 7534 tons out of 10000 tons (75%) were exported to the EU.

- *make further improvements in the area of trade statistics in order for the parties to correctly apply the anti-circumvention mechanism;*

Concerning the trade in the products that are subject to the anti-circumvention mechanism, in 2016 an important increase has been registered for the export of cereals as follows.

- Wheat: 559 863 tons (746%) of the total 75 000 tons
- Maize: 200 088 tons (153%) of the total 130 000 tons
- Barley: 77 555 tons (110%) of the total 70 000 tons
- Sugar: 66 133 tons (176%) of the total 37 400 tons
- Processed cereal: 16 797 tons (671%) of the total 2500 tons
- Corn: 944 tons (62%) of the total 1500 tons.

- *exchange information on market-access-related developments in the Republic of Moldova and its policy on market access.*

During 2014-2016, in order to maintain the right to export the products that are subject to the anti-circumvention mechanism up to the level of 100% of the granted quota, justifications regarding the capacity of production of Moldova were presented. Based on the provided information, the European Commission approved the extension of preferential access to the EU market above the trigger volumes set out in the Agreement for wheat flour in the form of pellets (HS 1001 91 90 and 1001 99 00), barley flour, and in the form pellets (HS1003 90 00), processed grains (24 HS, including undenatured ethyl alcohol with alcoholic strength of at least 80% and up to 80%).

In 2016 the import quotas were capitalized as follows:

- Pork meat - 3001 tons of the total 4000 tons (75 %)
- Poultry meat - 3999 tons of the total 4000 tons (99 %)
- Dairy products - 1000 tons of the total 1000 tons (100 %)
- Processed meat products – 378 tons of the total 1700 tons (22 %)
- Sugar - 5400 tons of the total 5400 tons (100 %)
- Sugar products - 640 tons of the total 640 tons (100 %)

- ensure that there is no increase to the currently-applicable import duties in the run-up to the Agreement's entry into force (standstill);
- ensure the quality of legislation that the Republic of Moldova may prepare on market access or other related issues;
- cooperate on implementing the roadmap for improving the Republic of Moldova's competitiveness;

The Roadmap for improving the Republic of Moldova's competitiveness was updated through Government Decision no. 806 of 29/06/2016.

### **Technical regulations, standardisation and related infrastructure**

*The parties will work together on preparations for achieving compliance with EU technical regulations, standardisation, metrology, accreditation, conformity assessment procedures and the market surveillance system as provided for in the future Association Agreement.*

- exchange information on developing and enforcing legislation, which the Republic of Moldova committed to implement before the future Association Agreement enters into force, as specified in annex to the Agreement, and in line with EU law;

In order to ensure the implementation of the commitments for achieving compliance with EU's TBT, standardisation and market surveillance system the following laws have been adopted so far.

- Law no. 231 of 10/12/2015 amending and supplementing certain acts (Law no. 422 of 12/12/2006 on general product safety, transposing EU Directive 2001/95/EC) ;
- Law no. 20 of 04/03/2016 on national standardization (transposing EU Regulation 1025/2012);
- Law no.7/2016 on market surveillance of 26/02/2016 and Law No. 9/2016 on accreditation and conformity assessment (transposing EU Regulation 765/2008 and EU Decision 768/2008);
- Law no. 19 of 04/03.2016 on Metrology.
- Law no. 184 of 11/07/2012 amending and supplementing certain acts (Civil Code, Defective products);

Moreover, national technical regulations transposing the directives of the New and Global Approach were approved in accordance with the timetable set in the Agreement. Technical regulations on measuring instruments, simple pressure vessels, lifts and safety components for lifts, cableway installations designed to carry person, safety of toys, electromagnetic compatibility, industrial machinery, non-automatic weighing machines, appliances burning gaseous fuels, pressure equipment have been harmonized with the EU *acquis* so far.

- develop infrastructure related to the administration of technical regulations, standardisation, metrology, accreditation, conformity assessment procedures and the market surveillance system, including creation of a national information system;
- provide further staff training on administration in the responsible government bodies and agencies;
- exchange information on other relevant aspects of the Republic of Moldova's plans in the area of technical barriers to trade, and the applicable timeframes;

In order to align the national standardization system to the European one, the Regulation for the organization and operation of the Institute for Standardization of Moldova was approved. **By March 2017, some 14 544 European standards have been adopted.** 99% were adopted in line with the European standards, the use of which provides presumption of conformity with the essential requirements of technical regulations transposing the Community legislation. With regards to the annulment of the Moldovan standards conflicting with European standards, it is worth mentioning that **3625 Moldovan conflicting standards were cancelled during 2014-2016.**

The National Standards Fund is managed on-line by the National Standardization Institute through “e-Standard” Automated Information System, allowing full online access to information on Moldovan standards.

In the context of alignment with the European requirements of the accreditation system the Regulation regarding the organization and functioning of the National Center for Accreditation and the Regulation on the membership of the Accreditation Council were approved.

In order to sign the Multilateral Recognition Agreement with European Cooperation for Accreditation (EA MLA), the documents for the management system of MOLDAC were improved according to SMSR EN ISO/IEC 17011 standard. In the process of the preparation for peer evaluation by EA team, MOLDAC has been evaluated by the Italian Agency ACCREDIA through a simulated assessment within the Twinning Light project by Italian ACCREDIA Agency.

Following the submission of the application and of the documents for the management system to become a signatory to the EA MLA, MOLDAC was successfully evaluated by EA pre-evaluation team, and only three concerns were identified. In order to eliminate the identified concerns on traceability of measurements made in Moldova, the Calibration laboratory of the National Institute of Metrology and Applied Metrology and Certification Center for the geometrical sizes, sizes thermal, mechanical units (masses) were accredited.

Aiming at aligning the national metrology system to the EU requirements important steps were carried out, as follows.

- Approval of the Government Decision no. 909/2014 on the legal Accreditation of the National Institute of Metrology’ laboratory,
- Approval of the Government Decision no. 976 of 08/16/2016 on the organization and functioning of the National Institute of Metrology,
- Approval of Government Decision no. 1042 from 09/13/2016 on the approval of the Official List of measuring instruments and measurements subject to legal metrological control.
- Approval by Government Decision no. 1074 of 09/22/2016 classifying the metrology services provided by the National Institute of Metrology.

For ensuring that traceability of measurements is aligned to the international system and to the international recognition of measurements, researches of 11 National Standards and 2 Reference Standards 2 were carried out, files for two national standards were examined and approved, two bilateral inter-comparisons with Romania and one comparison with the European organization EURAMET were performed. In order to ensure uniformity, legality and accuracy of measurements in areas of public interest 6 National Standards and 2 Standards Reference were approved.

- *cooperate in the preparatory process for the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA).*

Aiming at initiating the negotiations on the signing of the Agreement on Conformity Assessment and Acceptance of industrial products, the areas for negotiation of this agreement have been identified. Also, in order to ensure the implementation of the Directives listed in the Annex XVI to the Moldova-EU Association Agreement, an Action Plan was approved. The Roadmap for initiating the negotiations of the Agreements on Conformity Assessment and Acceptance of Industrial Products was approved in 2016, and in January 2017, the Roadmap and the table of correspondence for the horizontal legislation were presented to the EU side.

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

*The parties will work together to prepare the Republic of Moldova to bring its sanitary and phytosanitary standards for food and feed, plant health, and animal health and welfare legislation and practice closer in line with those of the EU, as set out in the annexes to the future Association Agreement. This cooperation will include work to:*

- complete implementation of the Republic of Moldova's current Food Safety Strategy, with a particular focus on the quality of legislation and enforcement capacity, and address any identified shortcomings;*

The first draft version of the new National Strategy for Food Safety for 2017-2022 was developed.

- set up sectoral priorities for the Republic of Moldova, to bring standards more in line with EU legislation in economically-relevant sectors of its agriculture, and to cover all areas specified in the annexes to the future Association Agreement;*

An intense cooperation between DG SANTE and the Ministry of Agriculture and Food Industry has been carried out in order to establish and agree on the Annex XXIV-B for SPS approximation, based on a thorough analysis of economical-relevant sectors. The Decision no. 1/2016 approving the List of the EU sanitary and phytosanitary, animal welfare and other legislative measures was signed in the framework of the EU-Moldova SPS Sub-Committee from 1 June 2016. The list was included in the draft National Action Plan for the implementation of the Association Agreement for the years 2017-2019.

Currently, Moldova is authorized to export to EU honey and caviar (following the FVO audit that was carried out in RM from 27/01/2014 to 31/01/2014 in order to evaluate the control systems in place governing the production of fishery products intended for export to the European Union the Decision of amending Annex II to Decision 2006/766/EC as regards the inclusion of the Republic of Moldova in the list of third countries and territories from which imports of certain fishery products for human consumption are permitted was published in the Official Journal of the EU).

The recommendations issued based on the report of the audit carried out in the Republic of Moldova from 25/11/2014 to 03/12/2014 in order to evaluate the public health controls in place for class B eggs intended for export to the European Union were completed, and the procedures related to the export of class B eggs to the EU market are currently being finalized.

During 25 – 29/01/2016, FVO/ DG SANTE carried out an audit mission in order to evaluate the control system of residues and contaminants in live animals and animal products in Moldova. Following the FVO mission, a set of recommendations has been put forward to overcome the deficiencies presented in the report. Shortly, an Action Plan for the implementation of these recommendations has been submitted.

It is worth mentioning that EU is finalizing the internal process of preparing the decision to grant the Republic of Moldova EU equivalence for seeds following the analysis of Moldovan legislation and the mission to audit the organization of seed certification that has been carried out in the Republic of Moldova from 14/06/2016 to 21/06/2016.

- strengthen administrative capacity by training staff in responsible governmental and executive bodies and agencies to prepare and implement legislation in line with EU law*

In 2015 the employees of the National Agency for Food Safety participated in 55 international training courses, and another 78 countrywide trainings were organized. In 2016, the employees of the National Agency for Food Safety participated in 20 trainings abroad, and 23 internal trainings

were organized on food safety topics. Furthermore, the Agency's annual plan of professional development for 2016-2020 was developed and approved. The Ministry of Agriculture and Food Industry staff benefited from a couple of training courses organized with the support of the Ministry of Agriculture and Rural Development of Poland (November 2015), including TAIEX expert missions for the elaboration and effective implementation of the legislation according to EU requirements (approval and market surveillance of agricultural forestry vehicles, organic farming).

- *further improve infrastructure and related capacity necessary to implement the legislation, in particular animal health, plant health, food safety laboratories and Border Inspection Posts, in line with EU requirements;*

Emergency phytosanitary measures to prevent the introduction and spread of quarantine organisms in Moldova (transposing Decisions 2012/270/EU) were approved by Government Decision no. 855 of 07/13/2016.

Sanitary and veterinary control measures and control of certain transmissible spongiform encephalopathy in animals were approved by Government Decision no. 404 of 06/04/2016 (transposing Regulation (EC) no. 999/2001).

With the support of the World Bank, three veterinary and phytosanitary checkpoints fitted and equipped as required by EU have been put into operation for sanitary-veterinary and phytosanitary controls at Tudora, Giurgiulești and Criva. Moreover, the optimization of the procedure for the Animal Identification and Traceability system has been initiated. Thus, in December 2015 the new Automated Information System version "State Register of Animals" was launched.

In order to ensure the development, registration and monitoring of the annual strategic plan and of the data needed for the sanitary and veterinary management, in 2016 the Automated Information System "Management Strategic Health Veterinary Measures" was launched.

The national laboratories were equipped according to the procurement plan for 2016-2018 of the Competent Authority. With the support of the project "Strengthening the National Agency for Food Safety in Moldova", diagnostic kits for foot-and-mouth disease, blue tongue and rabies, kits for verifying the effectiveness of vaccines in accordance with European Commission requirements were purchased.

In 2016, the reaccreditation of the Food Safety Laboratory was finalized. In order to start the accreditation process of the Animal Health Diagnostic Laboratory according to ISO 17025 requirements, 11 specific procedures were developed for the following diseases: enzootic bovine Brucellosis, Classical swine fever, Avian influenza, Newcastle disease, Rabies, enzootic Salmonellosis, gamma and beta radiation. Starting 01/2/2016 the Laboratory Information Management System (LIMS) within the Republican Centre for Veterinary Diagnosis was put in place.

- *work to set up an early warning system for food and feed, animal health and plant health safety;*

In the reference period, the access to the EU's Rapid Alert System for Food and Feed (RASFF) database was maintained through a contact point designated by the Competent Authority to constantly monitor and receive notifications in which RM was flagged for attention. Starting 03/02/2016, the notifications are managed based on the Operational Procedure "The notifications of the Rapid Alert System for Food and Feed at central level NAFS". Another achievement was the adoption of the Law no. 226 of 09/23/2016 amending and supplementing Law no. 113 of

18/05/2012 on the establishment of principles and requirements for food safety legislation, particularly establishing the legal basis for developing and implementing RASFF, as well as the approval on 18/01/2017 of the Government Decision on measures implementing the Rapid Alert System for Food and Feed.

In June 2016 the procedure for entering data regarding all economic operators that are exporting goods to the EU in the TRACES database was completed. Currently, data concerning traders who are importing goods that are subject to veterinary control is being integrated. The products that are subject to veterinary control are exported to the EU exclusively based on the TRACES system.

During 2016, DG SANTE was continuously informed regarding the epizootic situation in the country and reported timely measures were taken by the responsible authority in order to eradicate the of outbreaks of African Swine Fever in the country.

- *organise information campaigns with related agencies, businesses and NGOs on the requirements for accessing the EU market, and with civil society on the consumer aspects of food and feed safety.*

In order to facilitate the access of the economic agents to the information related to the sanitary-veterinary and phytosanitary domain of activity, the website of the National Agency for Food Safety was updated, including with the legislation on all the fields of activity of the Competent Authority. 113 articles on plant health, food safety, animal health, were placed on the website with the purpose of informing consumers and businesses. The Ministry of Agriculture and Food Industry has ensured transparency through carrying out continuous consultations with the private sector of draft laws and regulations that have been developed and promoted in the context of the commitments to harmonize the legislation. The draft laws and regulations were consulted with producer associations and were place on the website of the institution for public consultation.

### ***Customs and trade facilitation***

*The parties will work together to prepare the Republic of Moldova for bringing its legislation more in line with EU law and the international standards listed in annex to the future Association Agreement. This cooperation will include work to:*

- *continue implementation of the strategic framework for customs cooperation;*

The harmonization process of Customs Code of the Republic of Moldova to the Council Regulation (EEC) 2913/92 of 12 October 1992 establishing the Community Customs Code continued with the drafting Tables of Concordance executed integral for Titles I, II, IV, V, VI and VIII and partly for titles III and VII.

Based on the Operational Conclusions of the working group on the implementation of the Moldova-EU Strategic Framework for Customs Cooperation that met Brussels on 02/03/2016, the initiation of the harmonization of the customs legislation in accordance with Regulation (EU) no 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code was proposed. In this regard, following the approval by the Ministry of Finance' Order no. 67 of 23/05/2016 on the drafting, finalizing and proportion of the new Customs Code of the Republic of Moldova, an Action plan on achieving the completion of the process of harmonizing the national legislation to the provisions of the Union Customs Code was developed.

- *align the Republic of Moldova's Authorised Economic Operator system to that of the EU, with the prospect of mutual recognition;*

Due to the positive assessment from the EU side, the EU Authorised Economic Operator recognition pilot project that is being implemented at the Moldova-Romania Border crossing point - Leuşeni-Albita since July 2015 was extended to 2017. By the end of 2016, the number of AEO certificates holders reached 102 economic operators.

- *continue to modernise the Republic of Moldova's customs service, and its infrastructure, and to organise staff training;*

The draft Law on customs service has been developed and approved by Government on 02/03/2016.

For developing an institutional structure that would be capable to assure an efficient customs administration at the managerial and operational level, the Customs Service has carried out an institutional reform, thus starting 2017 the Custom Service' activities are performed based on a new organizational chart.

The strategic Program of the Customs Service "Customs 2020" was developed, based on EU Customs Blueprint as the main document for strategic planning, external assistance absorption, and as an instrument of internal and external communication.

- *continue to simplify and modernise customs administrative procedures;*

Amendments to the Government Decision no.1140 have been made on 20/05/2015 to reduce the number of documents needed for the customs clearance of the imported/exported goods, to simplify foreign trade, and to harmonise 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.

Since August 2015, the blue lane concept is being applied, thus avoiding the control at the customs, and will rather undergo customs inspections from the office on the base of the documents accompanying their customs declarations. This tool reduces the customs clearance time and costs for trustworthy economic agents.

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.

The Law no.138 of 17/06/2016 on amending some legislative acts related to taxation, customs and budget for 2016 has amended art. 1843 of the Customs code concerning the implementation of the simplified procedures.

In June 2016, by approving the Law no.129, the Republic of Moldova has accepted the Protocol amending the Marrakech Agreement establishing the World Trade Organization (Trade Facilitation Agreement), which contains commitments in simplifying border procedures and modernization of customs techniques and instruments and customs control.

The Twinning Project fiche for the development of the Single Window and implementation of the New Computerized Transit System (NCTS) was developed and submitted to the European Commission.

A Memorandum of Understanding between the Customs Service under the Ministry of Finance of the Republic of Moldova and the United Nations Conference on Trade and Development concerning the upgrade of the integrated customs information system based on the ASYCUDA

World software, done at Geneva on November 7, 2016 was approved by Government Decision no. 1258 of 11/16/2016.

- *draw up a roadmap for the Republic of Moldova's accession to the Convention on Common Transit Procedure;*

In order to prepare for the negotiation of the Convention on Common Transit Procedure, the Twinning Project fiche for the development of the New Computerized Transit System (NCTS) was submitted to the European Commission. Subsequently, all the activities for the project preparation were organised by the EU. The Twinning project fiche was finalised and sent to the EU Member States. The deadline for submission of applications for participation in the project is 05/03/2017, the selection meeting is planned for 16-17/05/2017, the hearing evaluation will take place on 19/05/2017, and the project is planned to be launched during the months of August - September 2017. As a result of the implementation of the project, the national customs system will be connected to the requirements and conditions of the Convention on a common transit procedure.

- *cooperate on risk-based customs control and sharing of relevant information that contributes to improved risk management and security of the supply chains, facilitation of legitimate trade and safety and security of goods imported, exported or in transit;*

The risk management strategy for 2017 and an Operation Plan for its implementation was developed with the support of the European experts in the framework of a TAIEX project and in cooperation with EUBAM.

- *step up dialogue on the fight against fraud to prevent illegal trade, including in excisable products, in particular through enhanced cooperation under the Protocol on Mutual Administrative Assistance in Customs Matters;*
- *align the Republic of Moldova's legislation on customs enforcement of Intellectual Property Rights (IPR) to EU law.*

Aiming at aligning the Republic of Moldova's legislation on customs enforcement of Intellectual Property Rights (IPR) to EU law, the Regulation on the enforcement of intellectual property rights by customs was approved by Government Decision no. 915 of 07/26/2016.

### **Rules of origin**

*The parties will work together to prepare for implementation of rules of origin to be applicable under the relevant protocol to the future Association Agreement. This cooperation will include work to:*

- *help the Republic of Moldova in its accession to the regional Convention on pan-Euro-Mediterranean preferential rules of origin;*

As a result of Moldova's accession to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (PEM Convention), ratified by Law no. 111/2015, the legal procedures for the substitution of Protocol II (Rules of Origin) of the Moldova-EU Association Agreement by the PEM Convention were initiated. Therefore, the Presidential Decree no. 2025-VII from 13/4/2016 to start the negotiations and approve the signing of the Customs' Subcommittee Decision (MO nr.106-113 / 216 of 22/4/2016) was developed and promoted. The decision was signed in the framework of the Customs Subcommittee on 6 September 2016, in Brussels.

- *provide training on certification and verification of preferential origin to the Republic of Moldova's customs service;*
- *discuss and, if necessary, review the current procedures applied by the Republic of Moldova's customs service in certifying and verifying the origin of goods.*

In order to improve the procedures applied by Republic of Moldova's Customs Service in certifying and verifying the origin of goods, several regulations were approved as follows.

- Regulation on the declaration of customs value of goods was approved by Government Decision no. 974 of 15/08/2016
- Amendments and additions to the Regulation on completion, authentication, issue and subsequent verification of certificates of preferential origin of goods, approved by Government Decision no. 1402 of 23/12/2016;
- Government Decision no. 385 of 16/06/2015 “For the implementation of the provisions of section 342 of the Customs Code of the Republic of Moldova”.

### ***Establishment, trade in services and electronic commerce***

*The parties will continue their dialogue on establishment, trade in services and electronic commerce according to the provisions specified in the future Association Agreement. They will prepare for the implementation of commitments made in the services areas, as envisaged in the annexes to the future Association Agreement. This cooperation will include work to:*

- *provide training and sufficient administrative capacity to cope with the planned approximation of legislation;*

A series of workshops have been organised for the central authorities on the approximation of national legislation with the EU, mainly on e-commerce, electronic communications and electronic signature. Public authorities have received advice on the revision of national legislation, changing policies and legislation in the field of electronic commerce.

In this regard, a special Working Group for the adjustment of the horizontal legislation on market access for services in accordance with the commitments under the EU-Moldova Association Agreement was created. During 2015, a mechanism for dialogue became operational and inter-institutional interaction efforts have been joined to achieve the commitments deriving from the DCFTA part of the Association Agreement. In 2016, following the consultations of the Working Group, a draft Report on ensuring the fulfilment of Moldova's commitments according to the provisions of Rights of establishment Chapter of the EU-Moldova Association Agreement was provided by the EU project on “Support for the implementation of the DCFTA in Moldova”.

- *discuss the areas in which such training, capacity-building and expertise should be provided;*
- *ensure regular exchange of information on the envisaged or ongoing legislative work in areas selected for approximation and conduct dialogue for this purpose.*

In the course of 2016, information has been exchanged regarding the approximation of the national legislation to the EU legislation in the telecommunications and postal services sector, including the amendment of Annex XXVIII-B of the Association Agreement.

### ***Current payments and movement of capital***

*The parties will continue their dialogue on capital movements and payments, in particular with a view to monitoring compliance with all existing commitments and preparing for implementation of the future Association Agreement.*

On 10/06/2016, the Law no. 94 of 13 May 2016 amending and supplementing Law no. 62- XVI of 21 March 2008 on foreign exchange regulation was published in the Official Gazette of the Republic of Moldova.

Starting with the date of publication of the Law no. 94, some additional capital transactions were liberalized. It means that now carrying out of those transactions do not require authorization from the National Bank of Moldova. The liberalization of certain capital transactions carried out by Law

no.94 represents a new stage in the process of liberalization of capital movements, given that according to the Association Agreement, Moldova has undertaken to ensure the gradual implementation of EU rules on the free movement of capital.

### **Public procurement**

*The parties will work together on the Republic of Moldova's preparations for implementation of the Procurement Chapter of the future Association Agreement and the related reforms. This cooperation will include work to:*

- *develop the necessary competences and administrative capacity in the bodies responsible for overseeing the implementation of procurement policy to bring legislation more in line with EU law;*

The creation of the National Complaint Settlement Agency and its organization and functioning was approved by Parliament Decision no. 271 of 15/12/2016.

- *start preparing the Republic of Moldova's public procurement strategy;*

The Strategy of development of the public procurement system for the years 2016-2020 and the Action Plan for its implementation, which includes a Roadmap and a timetable of the stages and terms set out in Annex XXIX-B of the Association Agreement, was approved by Government Decision no.1332 of 14/12/2016.

- *ensure that the independent review body has sufficient administrative capacity to provide effective remedies in line with Directives 89/665 and 92/13, as amended by Directive 2007/66;*

The Law no. 131 on public procurement adopted on 03/07/2015 in line with EU Directives 2004/18/EC, and 89/665/EC has entered into force on 01/05/2016. It aims to introduce significant changes for increasing the transparency in this sector and creating necessary legal preconditions for the establishment of an independent body for the appeals resolution.

- *provide precise and timely information on developments in the legislation of the Republic of Moldova, in particular for planned legislative work affecting procurement.*

### **Intellectual property rights (IPR)**

*The parties will work together to prepare to bring legislation in the Republic of Moldova more in line with EU law and international standards on the protection of intellectual property rights, as specified in the future Association Agreement. This cooperation will include work to:*

- *ensure that right holders from both parties have an adequate and effective level of protection of their IPR and that adequate measures are in place to enforce these rights;*
- *implement the standards embedded in the Enforcement Directive 2004/48/EC and Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights*

The Moldovan intellectual property legislation is harmonised with TRIPS agreement and the EU Directives and Regulations, including the Enforcement Directive 2004/48/EC and the Regulation no. 608/2013 concerning customs enforcement of IPR. The national legislation provides not only right holders with legal tools to protect their rights, but also enables the state authorities to apply lawful intervention measures, including *ex officio* procedures. The dialogue with the right holders was enhanced and common actions are organised for IPR enforcement personnel. Among the achievements in the protection of IPR rights is the approval of Law no. 162 of 30/07/2015 amending and supplementing certain acts related to trademark, plant varieties and industrial design and of the Regulation on the enforcement of intellectual property rights by customs (Government Decision no. 915 of 26/07/2016).

The national legislation was brought in line with the provisions of the AA on geographical indications, including EU Directives and Regulations covered by Annex XXX-A, Part B and Annex

VII of the AA, precisely by adopting Law no. 97 of 05/13/2016 for amending and supplementing Law no. 66-XVI of 27/03/2008 on the protection of geographical indications (GIs) designations of origin (DO), and traditional specialties guaranteed (TSG).

- *strengthen the enforcement capacity of the responsible governmental bodies and executive agencies, including the Republic of Moldova's customs service, and regularly report on the situation of administrative capacity;*

Aimed at strengthening the regulatory, legislative and institutional framework of the IP Office, the Law no.114 of 3/07/2014 on the State Agency for Intellectual Property (AGEPI), and the Law no.101 of 26/05/2016 on amending certain legislative acts were adopted and the Government Decision no. 325 of 06/02/2015 on the reorganization of State Enterprise AGEPI was approved.

The institutional capacities of the law enforcement authorities are constantly strengthened through trainings of police and investigation officers, prosecutors, customs officers and judges. During 2014-2016, 12 training seminars on IPR enforcement issues were organized.

For improving the enforcement of IP rights and in order to establish an information system for the exchange of data in the field of protection of IPRs with the participation of the relevant authorities with responsibilities in the area of intellectual property the technical assistance project EuropeAid/137467/DH/SER/MD "Support for the enforcement of Intellectual Property Rights" was launched on 10 November 2016 and will be implemented over a period of 24 months.

The overall objective is to improve the application of the law and regulations on Intellectual Property Rights in the Republic of Moldova. Two of the purposes of the Project are to improve the communication and co-ordination of agencies (*AGEPI, Ministry of Internal Affairs and General Police Inspectorate, Ministry of Finance and Custom Service, Ministry of Justice and Agency for Court Administration, General Prosecutors Office, Agency for Consumer Protection etc.*) involved in implementing the laws and regulations of the IPRs in the Republic of Moldova, and to develop an IT Communication Platform which will improve enforcement of Intellectual Property Rights in the Republic of Moldova by automating data exchange between the agencies involved in the enforcement of IPRs in the Republic of Moldova.

- *ensure the proper functioning of the judicial system to guarantee access to justice for right holders and the availability and effective implementation of penalties;*

Civil, Administrative and Penal measures are available for the enforcement of IP rights and efficient sanctions are in place. The level of penalties depends of the gravity of the violation and the extent of the damages caused by lawful use of the protected IPRs.

5 IP related workshops were organised for judges in 2016. Moreover, in order to increase the IP knowledge of judges and prosecutors an IP Module (40 hours) was introduced in the Training Program of the National Institute of Justice. Starting 2017, judges and prosecutors will be taught an IP course on a regular basis: two editions per year.

Statistical and analytical data on IPR infringements and the latest developments in the field are published annually in the National IPR Enforcement Report available online at: <http://stoppirateria.md/en/raport-national.php>.

In order to standardize the practice of dispute settlement in the field of intellectual property, the Plenum of the Supreme Court approved on 25/04/2016 the Decision on "Application of Certain

Provisions of Legislation on Copyright and Related Rights” and on 06/02/2017 the Explanatory Decision No.1 on Application of Certain Provisions of Legislation on Trademarks Protection “.

- *consolidate the relevant institutional structures, as well as the offices for industrial property rights, copyright protection and collecting societies; strengthen cooperation with third-country authorities and industry associations*

The national copyright legislation was approximated with the EU Directive 2006/116/EC of 12/12/2006 on the term of protection of copyright and related rights by Law no. 212 of 29/07/2016.

To improve the efficiency of the collective management system, a permanent dialogue between AGEPI, Collective Management Organizations (CMO) and the Users of copyright content was established. A draft law for amending the Law 139/2010 on copyright and related rights regulating the activity of the CMOs was elaborated with the support of international experts. The draft is partially transposing the EU Directive 2014/26/EU on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market. At present the draft is under public consultation.

In June 2015, the Moldovan Patent Law no. 50-XVI/2008 was amended in line with the European Patent Convention and on 01/11/2015, the Bilateral Agreement on Validation of European Patents signed by the RM Government and the European Patent Organization entered into force on 1 November 2015. The validation system simplifies the access to patent protection in Moldova, making it possible for applicants and owners of European patents to have their patents recognised in Moldova. It is a major contribution to strengthening innovation in Moldova, and creating new business opportunities for European companies in the country.

The Regulation on the support for patenting of inventions and plant variety abroad was approved by Government Decision no. 805 of 28/06/2016. It allows the establishment of a national financial mechanism to facilitate international patenting of innovative products created in the Republic of Moldova

- *take measures to increase public awareness in the field of intellectual property protection and ensure effective dialogue with rights holders*

To increase public awareness in the IP field, AGEPI organised in cooperation with other partners about 200 information events and training courses for public authorities and other stakeholders.

In order to consolidate the GI protection system and raise awareness for geographical indications as a tool for promoting high-value, origin linked products; several institutional and normative improvements were promoted by the Ministry of Agriculture and Food Industry. As well, an information campaign on GIs issues was organised by AGEPI, in cooperation with the Chamber of Commerce and Industry, targeting Moldovan producers and farmers from different regions of the country.

Overall, three national IP related awareness campaigns targeting different categories of population, including an anti-piracy campaign for students and a IP information campaign for librarians were organized during 2014-2016.

Following the establishment in December 2015 of the EU-Moldova Geographical Indications Sub-Committee and of the mechanism of cooperation between the parties, the Decision No. 1/2016 on amending Annexes XXX-C and XXX-D of the Association Agreement was signed on 18/10/2016.

- *prepare an action plan for implementation of EU law and relevant standards in this area, and develop monitoring tools for the implementation and enforcement of IPR to be applied under the future Association Agreement;*
- *take effective measures against counterfeiting and piracy and ensure effective implementation of the enforcement legislation and of penalties for infringing intellectual property rights on the basis of the IPR National Strategy up to 2020, and produce regular reports based on tangible and measurable targets and data.*

In the period under review, an Action Plan for the years 2015-2017 for the implementation of the *National Intellectual Property Strategy (NIPS) up to 2020*, was approved by Government Decision no. 491 of 11/08/2015 containing concrete measures for the consolidation of IP protection and enforcement; encouragement of innovative entrepreneurship, digital creativity and IP exploitation; raising IP Culture and repression piracy and counterfeiting in the country. All IP-relevant stakeholders are involved in the implementation of the NIPS Action Plan and it was elaborated in line with the commitments of the Republic of Moldova under the Association Agreement/IPR Chapter. The IPR enforcement activities are provided under the Main Goal 4 of the NIPS Action Plan which is aimed at strengthening institutional capacities of the bodies charged with functions and responsibilities for the protection and enforcement of intellectual property rights and with development of an effective infrastructure to prevent and combat the phenomena of counterfeiting and piracy.

Annually AGEPI is publishing a consolidated Report on the implementation of the NIPS Action Plan, available online on the AGEPI website: <http://agepi.gov.md/ro/transparency/programmes>.

The IPR enforcement activity in the country is monitored by the IPR Observatory established within the State Agency on Intellectual Property (AGEPI). The National IPR Enforcement Report containing statistical and analytical details is published annually.

### **Competition**

*The parties will work together to prepare the implementation of the competition chapter of the future Association Agreement and the related reforms. This cooperation will include work to:*

- *ensure that the Republic of Moldova's institutional framework and its administrative capacity guarantee the effective implementation of the competition legislation*
- *strengthen dialogue on the experience of enforcing legislation in this area, as well as on other legislative developments related to competition, including by providing training for the authorities and ad-hoc expert advice on the general enforcement of state aid rules.*

In the reference period, the competition and state aid sector has registered important progress as follows.

- Development of a draft National Programme on competition and state aid for 2017-2020;
- Development and implementation of the information system “State Aid Register of Moldova”, approved by Government Decision no. 378 of 27/05/2014;
- Approval of the Reports on State aid granted in Moldova for 2014, and 2015;
- Approval of Regulations on accepting commitments proposed by companies; on the evaluation of State aid for financing of airports and start-up aid to airlines;
- Approval of the Regulations on state aid for the steel sector, for public service broadcasting, for films and other audio-visual works, for rail transport undertakings, for public transport services by rail and by road, for ship management companies and for postal services, for culture and heritage conservation, for sport and multifunctional recreational infrastructures, on the assessment of State aid for rapid development of broadband electronic communications networks (Competition Council Plenum Decision no. 3 of 08/09/2016 and no. 4 of 29/09/2016).

The Regulation on the assessment of State aid for financing of airports and start-up aid to airlines was approved (Competition Council Plenum's Decision No.4 of 25/07/2014), as well as the Regulation on state aid for forestry sector (Competition Council Plenum's Decision no. 4 of 25/12/2015).

### **Transparency**

*The parties will pay special attention to work that aims to:*

- *prepare for implementing the commitments on transparency in trade-related policy-making and consider the necessary mechanisms that may need to be put in place in to do this;*

A common Forum for dialogue with civil society has been organised in order to promote the interests of civil society on the implementation of Chapter 13 of DCFTA. The forum, jointly with the EU, has organised a Workshop on waste management and trade-related matters.

In the framework of the 2<sup>nd</sup> joint Civil Society Dialogue Forum that took place in October 2016, the issues related to the implementation of the declaration issued by the forum in July 2015 were discussed. As well, the achieved progress since the first forum, including the identified constrains and recommendations related to expanding trade and sustainable development has been addressed.

- *discuss best practices and experiences of transparent policy-making;*
- *exchange information and provide relevant training, including on communication mechanisms and stakeholder consultations*
- *conduct seminars and other events for the wider public, aimed at explaining the implementation of the future Association Agreement and the approximation process.*

The process of implementing DCFTA in a successful manner is strongly dependent on the extent the relevant actors manage to create a permanent information framework for conveying the message about the need to apply the DCFTA provisions coherently. Against this background, during 2015, several actions to raise awareness and visibility of the DCFTA have been taken. The Ministry of Economy with the support of Chamber of Commerce and Industry (CCI), European Business Association (EBA), American Chamber of Commerce had organised about 40 events with the participation of about 2606 people, of which 1/3 were women. Therefore, contributions were made to the development and dissemination of relevant information among which:

- 24 thematic seminars were organised jointly with the Chamber of Commerce and EBA;
- Workshop on challenges and opportunities for export of meat products and sausages in the EU market held on 27.05.2015;
- Launching of the official website [www.dcfta.md](http://www.dcfta.md), which provides practical information on the implementation of the DCFTA and its opportunities;
- A roundtable on opportunities and challenges for SMEs in Moldova in the implementation of the DCFTA and support tools that are offered to the business were presented.

In 2016, a comprehensive and detailed Plan on DCFTA Communication and Visibility was approved and implemented. The Plan contains a schedule of various events with earmarked target groups aimed at covering different DCFTA aspects, such as market surveillance, quality infrastructure, conditions and opportunities regarding the local and foreign markets, capacity building related issues, the present and future financing mechanisms, etc. Implementation of these events primarily provided a true and transparent view regarding the country's economic association with the EU. At the same time, it contributed to introduction of the European market requirements and maintaining of sustainable public debate on the policies adopted by the Government for the implementation of the DCFTA, involving in this exercise all interested stakeholders, including private sector, CSOs, academic community and development partners.

Moreover, in the same year, 72 communication and visibility events were organized, cumulating 3922 participants, out of whom 2001 were women.

The latest events included, but were not limited to the following:

- Moldova Business Week (Chisinau, 04.10.2016), with 192 participants, including 83 women;
- The launch of the Women in Business Programme (Chisinau, 06.10.2016), with 113 participants, including 105 women;
- Pro-Export Forum (Chisinau, 07.10.2016), with 149 participants, including 70 women;
- International SMEs Conference (Chisinau, 10.11.2016), with 457 participants, including 209 women;
- Round table on Access to finance for agricultural sector and rural development (Cantemir, 24.11.2016), with 45 participants, including 41 women.
- Three Focus Groups were organized by ODIMM on “SMEs’ access to the EU market in the DCFTA context” (12.02.2016), “Public consultations on SMEs’ funding programmes in the DCFTA context” (20.04.2016) and “Public consultations on the pilot programme Women in Business” (06.10.2016). The first and the second Focus Groups were carried out observing the gender-balanced approach, while female participants have prevailed at the last event, due to the specificity of this event.

As a result of the increased intensity of the DCFTA-related communication and information/awareness campaigns in 2016, certain target groups’ perception is gradually changing. Taking into consideration that now the private sector is aware about the benefits and advantages brought by DCFTA, economic operators started to look for more detailed DCFTA-related information specific for their businesses.

There are also positive trends in the maintaining of a permanent dialog between public institutions, private sector and civil society in the context of the DCFTA. Apparently, many players started to realise that the costs to be paid for the required economic reforms and modernization are reasonable, compared to the potential benefits the DCFTA may offer.

### ***Trade and sustainable development***

*The parties will engage in a dialogue on the issues covered by the chapter on trade and sustainable development of the future Association Agreement. This will include work to:*

- *exchange information on the implementation of the relevant domestic policy framework or of international commitments related to sustainable development;*
- *discuss the future implementation of commitments under this chapter with regard to stakeholder involvement and civil society dialogue*

The sub-committee on Trade and Sustainable Development was established in 2015, and in the framework of the its first meeting on 07.07.2015, the possibility for accelerating bilateral cooperation in the implementation of reforms deriving from DCFTA, particularly in the field of sustainable development and facilitation of trade has been addressed.

At the second meeting of the EU –Moldova Trade and Sustainable Development sub-committee on 17.10.2016, issues concerning environmental provisions of the TSD Chapter, labour provisions, including the ratification and implementation by the Moldova of provisions set out by ILO and other multilateral treaties were discussed.

- *exchange best practices and relevant experience.*

In order to exchange relevant information and experience, the development of a joint EU-Moldova Action Plan in the field of trade and sustainable development for the years 2017-2019 has been agreed.