



**REPUBLIC OF MOLDOVA**

**REPORT**  
**IMPLEMENTATION OF PRIORITY REFORM AGENDA**  
**(March-July)**

**2016**

## IMPLEMENTATION OF THE ROADMAP FOR THE PRIORITY REFORM AGENDA

July 2016

**The Roadmap for the priority reform agenda** is a political document jointly agreed at the level of Government and Parliament with the purpose of re-launching key reform processes for the functioning of the State. The roadmap was drafted as a reaction to the concerns expressed in the Foreign Affairs Council Conclusions of 15 February, 2016 and by other development partners and by the Moldovan civil society.

One of the essential elements of the Roadmap is the deadline set for 31 July, 2016, and a concrete timeline for the completion of each action.

The document contains 82 measures organized in two major blocks - *Good governance and the rule of law* and *Economic development and functioning of the market economy*.

Regarding the Good governance and the rule of law block, measures were planned to simultaneously address the issues in five areas: fight against corruption; public administration reform; enhancing transparency of party funding and candidates' accountability; freedom of the press; justice sector reform and the reform of Prosecution Service. On the economic dimension, the Roadmap focused on the following priorities: signing an agreement with the IMF; strengthening the independence and supervisory powers of the National Bank and the National Commission for Financial Markets; ensuring a thorough and impartial investigation of fraud cases that affected the banking system in 2014, also with a view to recovering the diverted funds and bringing those responsible to justice; restoring an attractive and stable business and investment climate; improving transparency and investment conditions in the energy sector.

Apart from the above mentioned areas, the Roadmap includes priority actions on the cooperation with the civil society and the acceleration of the implementation of the Association Agreement.

The Roadmap does not replace any of the existing planning documents of the Government nor the Parliament.

The Roadmap is complementary to the National Action Program for the Implementation of the Association Agreement, including both measures present in the NAPIAA and actions that do not have direct link with concrete provisions of the Agreement (i.e. the measures on the financial and banking sector or the agreement with the IMF), but nevertheless have an impact on the general effectiveness of the Agreement implementation.

### *Monitoring and evaluating the implementation*

The Governmental Commission for European Integration has held the main role in monitoring and evaluating the completion of the Roadmap, with the assistance of the Ministry of Foreign Affairs and European at operational level.

At the time of writing the report, **the rate of implementation of the Roadmap reached 90%, representing 74 out of a total of 82 measures**, including the four measures having ongoing deadline.

These numbers represent the quantitative assessment based on previously set indicators, meaning that a legislative measure shall be considered completed when the law was adopted in the final reading of the Parliament and in the case of secondary legislation - when approved

through Government Decision, Decision of regulators (i.e. NBM, ANRE, CC, CNPF) or by Order of the Head of public institution.

The measures containing such wording as „developing/finalising the draft” were considered completed only when the draft law/decision was sent to the Government with approval, or directly to the Parliament in the case of institutions under parliamentary control (i.e. NCA, SIS, NBM).

The measures that did not fulfil these conditions were considered not to be completed; also, the report does not operate with classifications such as „in progress” or „partially completed”.

The quantitative assessment does not reflect the dynamics of the implementation of the objectives included in the document, meaning that it does not show whether actions were completed on time or with delays, mostly because the main red tape was the final deadline set for the entire Roadmap. Apart from the qualifier completed/not completed, in the evaluation of each action the quality of the result was more relevant than the compliance with the set timeline.

The overall assessment of the implementation of the Roadmap is a positive one given the complexity of the objectives and the role of the Roadmap as a tool to relaunch the key processes in ensuring good governance, the rule of law, economic development and a functioning market economy.

As regards to the 8 measures that were not completed before 31 July, the Government and Parliament, in consultation with development partners, decided to extend the timeline for implementation on a case by case basis, thus prioritizing the quality and content of reforms over the completion before deadline. In this context, the set of laws on the development of the banking and financial sector, including the adoption of the *bridge-bank* legislation will be finalised with the assistance of IMF experts and the legislation on the audiovisual sector - in consultation with OSCE and the Council of Europe.

These measures will be prioritised during the third and fourth quarters of this year, along with other actions that meant to ensure the continuity of reforms adopted through the Roadmap. For this purpose and taking into account recommendations from civil society and development partners, key priority actions were set to be implemented by the end of 2016 for each chapter from the Roadmap.

# I. STRENGTHENING THE STABILITY, INDEPENDENCE AND EFFECTIVENESS OF INSTITUTIONS GUARANTEEING DEMOCRACY AND THE RULE OF LAW

## **1. Combating Corruption**

**no. of actions - 12**  
**completed on time - 6**  
**completed with delays - 4**  
**delayed - 2**

### ***1.1. Parliament to adopt the set of Laws on integrity, including:***

- *Law on National Integrity Commission;*
- *Law on declaration of wealth and interests which extends the circle of subjects and objects of the declaration of wealth and interests.*

***Completed with delays (March – May)***

#### ***Law on National Integrity Commission***

The draft law was:

- approved by Government Decision no. 128 of 16.02.2016.
- registered in Parliament on 18.02.2016 with no. 46.
- adopted by Parliament in the 1<sup>st</sup> reading on 25.02.2016.
- adopted by Parliament in the final reading on 17.06.2016.

The final title of the law is [Law no. 132 of 17.06.2016 on National Integrity Authority](#). The law will enter into force on 1.08.2016, except some provisions, which will enter into force upon the publication of the law.

The law aims 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.

In line with art. 12 para. (1) f) of the Law, two representatives of the civil society will be part of the Integrity Council.

#### ***Law on declaration of wealth and interests***

The draft law was:

- approved by Government Decision no. 127 of 16.02.2016.
- registered in Parliament on 18.02.2016 with no. 47.
- adopted by Parliament in the 1<sup>st</sup> reading on 25.02.2016.
- adopted by Parliament in the final reading on 17.06.2016.

[Law no. 133 of 17.06.2016 on declaration of personal wealth and interests](#) will enter into force on 1.08.2016, except some provisions, which will enter into force on 1.01.2018.

The law aims, among others 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.

### ***1.2. Parliament to adopt other related set of Laws on integrity, including:***

- ***Law on integrity in the public sector and the respective amendments to legislative framework related to the law;***
- ***Amendments to the law nr. 325 of 23.12.2013 on testing the professional integrity based on the principles of constitutionality and introduction of the evaluation of the institutional integrity.***

***Delayed (April – July)***

***Completed on time (April – July)***

***Law on integrity in the public sector and the respective amendments to legislative framework related to the law***

The draft law was:

- coordinated within the Inter-institutional working group for reviewing and improving the national legal framework in the area of prevention and fighting corruption within the public institutions and drafting the draft law on integrity, created through the Order of the NAC's director no. 107 of 28.07.2015.
- sent by NAC to the Parliament on 25.04.2016.
- registered in Parliament on 15.06.2016 with no. 267
- adopted in 1<sup>st</sup> reading on 28.07.2016

The draft law on amending and supplementing certain legislative acts was:

- sent by NAC to the Parliament on 25.04.2016.
- registered in Parliament on 15.06.2016 with no. 268

The draft a) establishes the legal framework for integrity in the public and private sectors at political, institutional and professional levels, b) states the responsibilities of the institutions, public agents and anticorruption agencies in promoting, strengthening and controlling the public integrity within the public entities, c) introduces sanctioning for the lack of integrity.

Civil society representatives were part of the working group that drafted the Law on integrity. Also, on 7.04.2016, the draft was presented for public consultations on the NAC website - [http://cna.md/sites/default/files/proiecte\\_decizii%20/anunt\\_integritate\\_red.definitivata.pdf](http://cna.md/sites/default/files/proiecte_decizii%20/anunt_integritate_red.definitivata.pdf).

***Amendments to the law nr. 325 of 23.12.2013 on testing the professional integrity based on the principles of constitutionality and introduction of the evaluation of the institutional integrity.***

The draft law was:

- approved by Government Decision no. 789 of 28.10.2015.
- registered in Parliament on 3.11.2015 with no. 434.
- adopted by Parliament in the 1<sup>st</sup> reading on 26.02.2016.
- adopted by Parliament in the 2<sup>nd</sup> reading on 26.05.2016.
- adopted by Parliament in the final reading on 21.07.2016.

Law no. 102 of 21.07.2016 on amending and supplementing certain legislative acts.

Through the present Law a) the Law no. 325 of 23.12.2013 on professional integrity testing was adjusted to the provisions of the Constitutional Court Decision no.7 of 16.04.2015, b) the national legislation was adjusted to the provisions of the Law no.325 of 23.12.2013 on professional integrity, c) the institutional integrity assessment was introduced.

The Law is expected to increase effectiveness of measures aimed to prevent and combat corruption, in particular, the application of disciplinary sanctions on public officials who do not meet the integrity criteria will help to implement the principle of "zero tolerance to corruption".

Additionally, the law provides the following mechanism for judicial control: in order to proceed with professional integrity testing an ex-ante judicial authorization on the applied special means and limits imposed for the investigator is to be obtained. Moreover, the court will give an assessment on test results, checking the observance of the conditions for their authorization by the investigator before their reflection in the evaluation report (procedure for ex-post judicial control).

In order to ensure a proper level of transparency the civil society representatives were invited as part of the working group set up by the Ministry of Justice for drafting the law, and later on the Ministry has consulted the final draft with civil society in July 2015. In 2015, before the draft Law was sent to the Government, it was examined by the Council of Europe.

<b>1.3. Parliament to adopt other related laws on delimitation of competences between the institutions with competences fighting corruption, including:</b>	
<ul style="list-style-type: none"> <li>• <b>Law on delimitation of competences between the National Integrity Commission and other authorities on competences to find, pursuit and prosecute the wealth from other sources than the one declared;</b></li> </ul>	<b>Completed on time (July)</b>
<ul style="list-style-type: none"> <li>• <b>Law on delimitation of competences on criminal prosecution between the National Anti-Corruption Centre, Ministry of the Interior and General's Prosecutor Office.</b></li> </ul>	<b>Completed on time (July)</b>
<p><b>Law on delimitation of competences between the National Integrity Commission and other authorities on competences to find, pursuit and prosecute the wealth from other sources than the one declared</b></p> <p>The draft law was:</p> <ul style="list-style-type: none"> <li>- approved by Government Decision no. 129 of 16.02.2016.</li> <li>- registered in Parliament on 18.02.2016 with no. 45.</li> <li>- adopted by Parliament in the 1<sup>st</sup> reading on 25.02.2016.</li> <li>- adopted by Parliament in the final reading on 17.06.2016.</li> </ul> <p><a href="#">Law no. 134 of 17.06.2016 on amending and supplementing certain legislative acts</a></p> <p>The Law <u>a)</u> delimits National Integrity Commission and National Anticorruption Centre competences on settlement of the contravention cases, <u>b)</u> brings the national legislation in compliance with the Law no.132 of 17.06.2016 on National Integrity Authority and the Law no. 133 of 17.06.2016 on declaration of assets and personal interests.</p> <p>The main impact of the law is to ensure a greater effectiveness of work of NIC and NAC in investigating contravention cases, by delimitating clearly competences and thus avoiding overlapping.</p> <p><b>Law on delimitation of competences on criminal prosecution between the National Anti-Corruption Centre, Ministry of the Interior and General's Prosecutor Office</b></p> <p>The draft law was:</p> <ul style="list-style-type: none"> <li>- approved by Government Decision no. 655 of 27.05.2016.</li> <li>- registered in Parliament on 31.05.2016 with no. 243.</li> <li>- adopted by Parliament in the 1<sup>st</sup> reading on 17.06.2016.</li> <li>- adopted by Parliament in the final reading on 1.07.2016.</li> </ul> <p><a href="#">Law no. 152 of 1.07.2016 on amending and supplementing certain legislative acts</a></p> <p>The Law provides the basis for adjusting the legislative framework related to provisions of the Law no.3 of 25.02.2016 on prosecution through the creation of the mechanisms required for the full and efficient implementation of this Law, specification of the prosecutor competences on exercising the prosecution tasks, as the clear delimitation of the prosecutor and criminal investigation body tasks in criminal proceedings (National Anticorruption Centre and Ministry of Internal Affairs).</p> <p>The law is expected to provide a platform for an increased efficiency in the work of NAC, MoI and Anti-corruption Prosecutor's Office in criminal proceedings. It establishes the exclusive competence of NAC to conduct the criminal investigations under the Anti-corruption Prosecutor. At the same time, art. 270/1, complementing the Criminal Procedure Code, delimits the Anti-corruption Prosecutor's Office competences on criminal prosecution from those of MoI and NAC.</p>	
<b>1.4. Ministry of Justice to draft the legislation on incrimination of misuse and misappropriation of EU and international funds which would also tackle the conflict situations in the use of EU and international funds according to the provisions of the Convention on the Protection of the European Communities' Financial Interests and other international conventions on the matter</b>	<b>Completed on time (March - April)</b>

The draft was:

- approved by Government Decision no. 302 of 18.03.2016.
- registered in Parliament on 22.03.2016 with no. 116.
- adopted by Parliament in the 1<sup>st</sup> reading on 21.04.2016.
- adopted by Parliament in the final reading on 26.05.2016.

[Law no. 105 of 26.05.2016 on amending and supplementing the Criminal Code of the Republic of Moldova.](#)

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.

**1.5. Ministry of Justice to develop anti-corruption initiatives and to further reform the National Anti-Corruption Centre in accordance with the new law on prosecution, the law on the National Integrity Commission and the law on declaration of wealth and interests**

**Completed on time (May)**

The action was completed by two of the laws mentioned supra:

- [Law no. 134 of 17.06.2016 on amending and supplementing certain legislative acts](#) and
- [Law no. 152 of 1.07.2016 on amending and supplementing certain legislative acts](#)

Thus, the amendments ensure that national legislation is in compliance with the new Law no. 132 of 17.06.2016 on National Integrity Authority and the Law no. 133 of 17.06.2016 on declaration of assets and personal interests, as well as to the Law no.3 of 25.02.2016 on prosecution (provisions on prosecutor competences on exercising the prosecution tasks are provided, with clear delimitation of the prosecutor and criminal investigation body tasks in criminal proceedings (National Anticorruption Centre and Ministry of Internal Affairs).

The laws also contain provisions on NAC reform, in particular the Law 134 in art. 29 provides details on incompatibilities regime, restrictions and disciplinary sanctions for NAC employees.

**1.6. Ministry of Justice to draft special laws on the specialised prosecution: anti-corruption prosecution, fight against organised crime prosecution and the special cause prosecution, in accordance with to the concept of the reform of prosecution and the new law on prosecution**

**Completed with delays (May)**

The draft was:

- approved by Government Decision no. 756 of 16.06.2016.
- registered in Parliament on 17.06.2016 with no. 271.
- adopted by Parliament in the 1<sup>st</sup> reading on 1.07.2016.
- adopted by Parliament in the final reading on 7.07.2016.

[Law no. 159 of 7.07.2016 on specialised prosecutions](#)

The law ensures implementation of art. 9 of the Law no. 3 of 25.02.2016 on prosecution which provides that organization and functioning of the specialised prosecutions (Anti-corruption Prosecution and Prosecution for Organized Crime Combat and Special Causes) to be regulated by special laws.

Regarding the concerns of the civil society on eventual granting of competences related to large scale thefts to the Prosecution for Combating Organized Crime and Special Cases, it should be mentioned that according to art. 270<sup>2</sup>, which, by Law no. 152 of 07.01.2016, completed the Code of Criminal Procedure, this specialized prosecutor's office has no competences to exercise the prosecution on offences of theft.

**1.7. National Anti-Corruption Centre to prolong the implementation deadline of the National Anti-Corruption Strategy for 2016**

**Completed with delays (March)**

The Parliament draft decision on prolonging the implementation deadline of the National Anti-Corruption Strategy for 2011 – 2015 was:

- registered in Parliament on 25.03.2016 with no. 122.
- adopted by Parliament on 12.05.2016.

[Parliament Decision no. 89 of 12.05.2016 on amending the Parliament Decision no. 154 of 21.07.2011 on approving the national Anti-Corruption Strategy for 2011–2015](#)

The Parliament draft decision on approving the Action Plan for 2016 on implementing the National Anti-Corruption Strategy for 2011 – 2016 was:

- registered in Parliament on 25.03.2016 with no. 123.
- adopted by Parliament on 12.05.2016.

[Parliament Decision no. 90 of 12.05.2016 on approving the Action Plan for 2016 on implementing the National Anti-Corruption Strategy for 2011 – 2016](#)

The decisions in question are designed to ensure the sustainability of the implementation of the National Anti-Corruption Strategy and eliminating the delays from 2011-2015.

<b>1.8. National Anti-Corruption Centre to develop the professional integrity electronic file and the soft of electronic evidence</b>	<b>Completed on time (May)</b>
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In order to strengthen the performances on corruption prevention and digitalization of the working process within the institutional integrity assessment (in the context of modification of the Law no 325 of 23.12.2013 on professional integrity testing), the Datasheet for an informational system “Professional Integrity Register of public agents” was developed and approved. The register will contain information about both the integrity testing results and the stocked digital evidences, being at the same time an electronic platform for monitoring the fulfilment of the corruption prevention measures within public institutions.

The soft was developed with the support of UNDP – Moldova and the Norwegian Government. The international tender was held in May 2016. According to the signed contract the trial version of the soft is to be presented by end of 2016, and the final version – within a year after signing the contract – June 2017. This period will include both the connection of public institutions and the soft piloting.

Professional integrity electronic file and the soft of electronic evidence activity are expected to support activities on preventing corruption more effectively and to ensure integrity in the public sector.

<b>1.9. National Integrity Commission to implement the on-line system of submission of declaration of wealth and interests and train its staff</b>	<b>Delayed (July)</b>
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The overall benefits of the E-integrity system are:

- quicker and more efficient simultaneous transfer and processing of information;
- reduce the managing time of documents;
- increase the productivity and provide data security;
- facilitate filing, by subjects stipulated by law, using a modern tool (computer, tablet, mobile phones);
- eliminate errors and incomplete statements by applying filters and using mandatory data fields sensitive to the context;
- Minimize the statements processing time by providing to the inspectors of a dashboard containing the necessary information for the declarations examination;
- Facilitate automatic work flow on statements control.

In order to implement the online system for the submission of declarations of assets and interests, the National Integrity Commission has conducted a number of activities, including:

- Participation in the seven joint working sessions with the supplier, representatives of the Centre for

- Electronic Governance, Fiscservinform, in which was discussed the phasing of the system;
- Participation in the five sessions of testing and training in the application of the software components of the system, organized by the company that's developed the E-integrity System jointly with representatives of the Centre for Electronic Governance;
- Participation in functional testing of the E-integrity system and presentation of proposals to National Integrity Commission to improve certain additional functionality such as integration of E-integrity system with the Commission correspondence management system, export of data from correspondence management to the E-integrity system, including the integration of the E-integrity system with the Registry of public servants;
- Selection and Employment of the E-integrity system administrator, who supported the training on system components and has taken measures to assist the employees of the National Integrity Committee in the training and use of the system.

The development of the modules specified in the original technical requirements of the system was completed and tested at operational and information security, as well as in the protection of personal data and the system is ready for official release in production. The information system operational acceptance was given on 29.02.2016.

The system will be launched after the entry into force of the Law no. 132 of 17.06.2016 regarding the National Integrity Authority and the Law. 133 of 17/06/2016 on declaration of personal wealth and interests.

**Priorities:**

- **adoption by Parliament of the Law on integrity and of the legislative framework related to the law (draft Law no. 267 of 15.06.2016), following public consultations**
- **adoption by the Parliament of the Law on demotivating sanctions for corruption, and similar acts related to acts of corruption and corruptibility (draft Law no. 268 of 15.06.2016), following public consultations**
- **the Ministry of Justice to present the draft law on limiting immunities for dignitaries and persons with special status in criminal and administrative proceedings**
- **adoption by the Parliament of the Law on amending and supplementing Law no. 190-XVI from 26.07.2007 on preventing and combating money laundering and terrorist financing for transposition into national law of the provisions of Directive 2015/849 (IV) on preventing the use of the financial system for money laundering and terrorist financing**
- **adoption by the Parliament of the law on assets recovery Service, following public consultations**

**2. Public Administration Reform**

**no. of actions - 4  
 completed on time - 2  
 completed with delays - 2  
 delayed - 0**

<b>2.1. State Chancellery to ensure functionality of the National Council for Public Administration Reform, inter alia by convening the Council in regular meetings.</b>	<b>Completed on time (March)</b>
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Taking into account the recommendations of the development partners, but also ensuring an integrated process of strategic planning, implementation and monitoring of government policies in the field of reform of the public administration at central and local level, linking in an efficient manner national priorities with sector policies, international commitments assumed and the internal and external resources, the National Council for Public Administration Reform was established by Government Decision no.716 of 12.10.2015

The Council was conceived as a high-level platform for decision making and assuming commitments concerning the strategic directions of the reform of public administration at central and local level. The Council is headed by the Prime Minister and composed of presidents of the two parliamentary committees,

five members of the Government and the Secretary General of the Government. Its meetings are held at least once every three months.

On March 11, 2016 the first meeting of the Council was held. The meeting was attended by development partners, civil society representatives who were invited to analyse and debate the current state of the public administration reform in Moldova and the draft Strategy for Public Administration Reform (PAR). Following the decision of the Council, by the Order of the Secretary General of the Government, No. 295-A of 16 March 2016, a Working Group was established to finalize the draft Strategy. In the framework of the second meeting of the Council, of 12 May 2016, the final draft of the PAR Strategy was endorsed.

<b>2.2. State Chancellery to update and approve the Roadmap/Strategy on Public Administration Reform in consultation with civil society and development partners, including, recommendations of the SIGMA study findings.</b>	<b>Completed with delays (April)</b>
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Within the first meeting of the National Council for Public Administration Reform, on 11.03.2016, the decision to initiate the process for drafting PAR Strategy, based on SIGMA report on the assessment of public administration in Moldova, completed in March 2016.

On 12.05.2016, PAR Strategy was presented at the meeting of the National Council for Public Administration Reform. Throughout the month of May the Strategy was publicly debated and consulted with civil society and all relevant stakeholders, including central and local public administration and academia. The final draft was adjusted based on opinions / comments / proposals received from more than 60 public authorities and institutions.

The [Public Administration Reform Strategy](#) was approved by Government Decision no. 911 of 25 July 2016

The document focuses on five important components: (i) accountability of public administration, (ii) development of public policies, (iii) modernization of public services, (iv) management of public finances and (v) human resources management.

<b>2.3. State Chancellery to launch an independent study to the institutional capacity of the State Chancellery (functional analysis, business processes, coordination role, etc.).</b>	<b>Completed with delays (March)</b>
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Acknowledging the need to streamline and improve the quality of the State Chancellery activity and that of the Office of the Prime Minister, as the key institutions for the public administration, in March 2016, the support from development partners was requested in order to carry out a Study on institutional and functional analysis of the two institutions.

Thus, on 29 March 2016, the UNDP launched the procedure for selecting a team to carry on the study. Following the selection of Ernst & Young Baltic team, composed of four international consultants, on May 19, 2016 the project was launched.

In the process of data collection were conducted interviews with approximately 80 representatives, managers and key personnel of the State Chancellery, Prime Minister's Office, ministries, and with representatives of development partners and High Level EU advisors of the Prime Minister and ministers. At the same time, a survey was launched to collect information on personnel, time management and the results of the functions of the State Chancellery. Relevant policy documents, legislation, internal regulations have been analyzed in order to obtain a comprehensive understanding of the needs and capacities as well the opportunities within the public administration.

The first draft report was presented on June 25 for consultation to beneficiaries, who subsequently, submitted comments and proposals to be considered by experts. At the same time, a presentation of experiences and practices of other European countries in terms of operation of the "Government Center" was requested.

On July 6, 2016 a joint meeting of experts was held with the Prime Minister, Secretary General of the

Government, Deputy Secretaries of the Government, within which it was agreed that the proposals will be considered and taken into account at finalizing the report.

The final report with recommendations for rationalization and reorganization of the functions has been submitted to the Prime Minister and to State Chancellery, on July 14, 2016.

Recommendations also include an Action Plan and a Calendar for the reorganization of the State Chancellery, as well the main issues, risks, challenges and opportunities associated with the proposed reorganization.

<b>2.4. State Chancellery to draft the Action Plan for modernization reform of the public services for 2017 - 2021.</b>	<b>Completed on time (July)</b>
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In order to impel the activities of modernizing public services in Moldova, by Secretary General of the Government Order, No. 388-A of 3.05.2016, the E-Government Center was assigned with drafting [the Action Plan on modernizing public services reform for the years 2017 to 2021](#) in the run up to 1.07.2016.

Following public consultation with interested institutions and development partners, an anticorruption expertise, the Action Plan was approved in the Government meeting of 27.07.2016.

The plan was drawn up to achieve the objectives related to the modernization of public services stated in the Public Administration Reform Strategy for the years 2016-2020, Programme of the Government of Moldova 2016-2018, the Government Action Plan for the years 2016 - 2018, Results of the Programme implementation on reform public services for the years 2014 - 2016, approved by the Government Decision No. 122 of 18.02.2014.

By this document the Government is planning a major qualitative transformation exercise, as well as quantitative for administrative public services, within which are responsible the central public administration authorities, through:

- elimination of outdated public services or merging services;
- increase access to local public services through digital channels;
- reducing the number of documents required for providing public services, and the time limits;
- transparent and fair application of tariffs for public services providing against payment;
- ensuring a high level of satisfaction with the quality of government services delivery.

The Action Plan is divided into two parts, both of which are directly linked to the strategic objectives of modernizing public services in public administration reform strategy for the years 2016-2020. The first part of the policy document, in this case (actions 1.1 - 2.13), which includes in particular the period from 2017 to 2018, is focusing primarily on creating a coherent and inclusive modernization framework of public services, through the legal dimensions, procedural, human resources management and technological resources. The second part of the Plan aims at modernizing public services in it, using the established framework.

**Priorities:**

- **development and approval of the Action Plan for 2016-2018 on implementation of the Strategy for Public Administration Reform (September)**
- **ensuring continuity and stability in activity of the National Council for public administration reform, including by convening regular meetings of the Council (ongoing)**
- **initiation by the Government of the reform of the State Chancellery, based on the results of the assessment of its institutional capacity (August)**

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| <b>3. Enhance transparency of political parties financing and accountability of elected candidates</b><br>no. of actions - 4<br>completed on time - 2<br>completed with delays - 2<br>delayed - 0 |
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<b>3.1. Ministry of Justice to ensure the right of political parties to register and operate.</b>	<b>Done (ongoing)</b>
<p>Between 16.03.2016 and 22.07.2016, two political parties were registered and changes regarding the leaders and in the founding acts of six political parties have been made.</p>	
<b>3.2. Government to secure in the 2016 Budget Law funds for political parties financing, as provided by law.</b>	<b>Completed with delays (March)</b>
<p>According to <a href="#">the State Budget Law for 2016</a> financial resources were provided for political parties financing, amounting to 39 850 000 lei. Following the entering into force of the Law; Central Electoral Commission is to approve the quantum of the total subsidies amounts to be allocated to political parties. EU/CoE Recommendations/Commitments presented in the Second Compliance report on the Republic of Moldova, "Transparency of Party Funding" Chapter, adopted by GRECO at its 67<sup>th</sup> Plenary Meeting (Strasbourg, 23-27 March 2015) are to be followed in the process.</p> <p>These provisions in the long run will decrease the influence of financial resources of candidates on elections results, assuring a better monitoring of political parties financial management (including reporting), both during as well as after electoral campaigns.</p>	
<b>3.3. Central Electoral Commission to develop mechanisms for public monitoring and evaluation of compliance with the regulatory framework by those responsible for financing political parties and electoral campaigns.</b>	<b>Completed on time (May-July)</b>
<p>On the CEC official web page, the section on "Political parties financing" was created 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.</p> <p>At the time of writing the report, of the 45 political parties registered at the Ministry of Justice, only 19 submitted in time the information on the amount and method of payment of membership fees. The deadline for presenting to the CEC the reports on party financial management was July 15, for the first half of 2016. The financial reports have been placed on the CEC website and will be 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.</p> <p>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 <a href="#">Regulation on political parties funding</a>, approved by the CEC Decision no. 4401 of December 23, 2015</p> <p>The aim is to increase the transparency in the political parties financing, encourage the monitoring of this process by the stakeholders (public authorities, NGOs, civil society, citizens). As a result, public trust in the electoral process is to be enhanced, citizens making a genuine informed vote.</p>	
<b>3.4. Central Electoral Commission to identify weaknesses and gaps in the electoral legislation, drafting amendments to the Electoral Code and related legislation within the inter-institutional working group by the Central Electorate Commission on 11.09.2015</b>	<b>Completed with delays (June)</b>
<p>Following its set up, the working group for amending the electoral legislation had 11 meetings, during which</p>	

the existing legal framework was analyzed, problems and gaps in electoral provisions identified and several proposals to amend the legislation were formulated.

The proposals were systematized in a document, containing amendments to article 43 of 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 also includes 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.

The above mentioned proposals are to be sent to the Ministry of Justice.

**Priorities:**

- **conducting the presidential elections (October)**
- **enhancing transparency of party funding and facilitating accountability of the elected candidates**

**4. Media Freedom**

**no. of actions - 3**  
**completed on time - 1**  
**completed with delays - 0**  
**delayed - 2**

***4.1. Parliament to adopt the amendments to the Audiovisual Code in order to exclude the monopoly in the media, restricting the possibility to hold more than 2 broadcasting licenses.***

***Completed on time (March)***

[The draft law on amending and supplementing the Audiovisual Code](#), which was registered as legislative initiative by a group of MPs was voted in the Parliament in two readings on 26 February 2016. The aim of voted amendments 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.

***4.2. Audiovisual Coordinating Council, Government and the Parliament to draft and adopt amendments to the national legislation, mainly to the Audiovisual Code, introducing concepts in accordance to the EU legislation (Audiovisual Media Services Directive of the EU) and EUMS best practices in order to promote fair competition on the media market, aiming inclusively at limiting the concentration of media ownership and preventing intentional disruption of opposition oriented outlets.***

***Delayed (April-June)***

CCA drafted amendments to the Audiovisual Code in order to introduce provisions on audience measurement and market share. As the Parliament has recently voted, on July 1, in the first reading a new draft of Audiovisual Code, which already contains provisions on the establishment of an institution for audience measurement, it was decided to continue to work on the draft, before presenting it for the second reading.

***4.3. Parliament to adopt the appropriate legal framework which will allow the development of the local media market, local broadcasters and promotion of the local media products in accordance with the CoE and OSCE expertise.***

***Delayed (July)***

Public debates on [the draft of the new Audiovisual Code](#) (the legislative initiative no. 53 of 15.03.2015), developed by media experts and registered in the Parliament by the Liberal Party continued this year, and on

1 July 2016, it was voted in the first reading in the Parliament. The new Code regulates the broadcasters activity on the promotion of national product, including the increase of the required minimum amount for its production.

As on 7 July, in the first reading were voted 3 draft laws (no.125 of 2.04.2015; no.218 of 22.05.2015 and no.231 of 28.05.2015) on amending and supplementing the existing Audiovisual Code with provisions regarding national product, its share and time airing and also provisions on protection of informational landscape, it was decided to merge all projects and finalize the new draft of Audiovisual Code to be voted in the second reading.

Public consultations were held on 14 and 26 of July.

**Priorities:**

- **adoption of the new Audiovisual Code, taking into account the recommendations and expertise of the Council of Europe and OSCE**

**5. Justice Sector Reform, in particular ensuring the independence, effectiveness, transparency and accountability of the judiciary and law enforcement agencies**

no. of actions - 8  
 completed on time - 1  
 completed with delays - 7  
 delayed - 0

***5.1. Ministry of Justice to appoint the members of the Disciplinary Board of Judges according to the Law no. 178 of 25.07.2014 on the disciplinary responsibility of judges and the Regulation regarding the selection of civil society representatives in the Disciplinary Board of Judges, approved by the Minister of Justice Order no. 91 of 01.02.2016.***

***Completed with delays (March)***

Through the [Ministry of Justice Order no. 481 of 4.05.2016](#) three representatives of civil society were appointed as members of the Disciplinary Board of Judges.

On 2.06.2016 the Ministry of Justice announced a contest to select four candidates for alternate member of the Disciplinary Board of Judges. The deadline for submitting applications for participation was initially extended until the date of 8.07.2016, and thereafter until 19.08.2016.

On the concerns of civil society with regard to the selection process for civil society representatives, it is to be mentioned that, of the five applications submitted for the contest, two candidates weren't admitted to the contest due to incompatibility with required conditions stipulated by the Law no. 178 of 25.07.2014 on disciplinary responsibility of judges as well as those stipulated by the Regulation on the selection of civil society representatives in the Disciplinary Board of Judges (approved by the Ministry of Justice Order no. 91 of 01.02.2016). At the same time, it should be indicated that the selection of the specific 3 persons from civil society meet the requirements of Art. 9 of the Law on disciplinary responsibility of judges.

***5.2. Parliament to adopt the law on reorganization of the judicial system (map of the courts).***

***Completed on time (March - April)***

The draft law was:

- approved by Government Decision no. 182 of 25.02.2016.
- registered in Parliament on 29.02.2016 with no. 68.
- adopted by Parliament in the 1<sup>st</sup> reading on 11.03.2016.
- adopted by Parliament in the final reading on 21.04.2016.

[Law no. 76 of 21.04.2016 on reorganization of the judicial system.](#)

The law is designed to help a) strengthening institutional capacities of courts b) ensuring the most efficient use of public funds available to courts, c) reducing system maintenance costs, d) creating conditions for the specialization of judges.

Note that the development and promotion of the draft Law has been delayed because the "Study on optimizing the judicial map of the Republic of Moldova", under which it was to be drafted the law, was presented by the Legal Resources Centre in Moldova, with delay, only in February 2014. Given that the study mentioned above did not contain any information about the potential costs of implementing the proposals for the reorganization of the judicial map, information which has to be included in the explanatory note, the Legal Resources Centre in Moldova conducted a further study - "feasibility Study on optimization the courts map in the Republic of Moldova " which was presented only in July, 2015.

Thus it was possible to finalize and submit the draft Law on the reorganization of the court system to the Parliament only after the presentation of the studies mentioned above, in early 2016.

**5.3. Parliament to adopt amendments to the law on the status of judges.**

**Completed with delays (March - April)**

The draft was:

- approved by Government Decision no. 583 of 21.08.2015.
- registered in Parliament on 24.08.2015 with no. 306.
- adopted by Parliament in the 1<sup>st</sup> reading on 12.05.2016.
- adopted by Parliament in the final reading on 9.06.2016.

[Law no. 126 of 9.06.2016 on amending and supplementing certain legislative acts.](#)

The law aims to regulate a) conditions and procedure for appointing the magistrates (provides solutions for reconfirmation statements and appointing the new investigative magistrates ), b) the institution of legal deferral of the judges, deputy presidents and presidents of the courts.

**5.4. Parliament to adopt amendments to the Criminal Code, Criminal Procedure Code and Execution Code in order to exclude cases of arrest of minors who could be re-educated.**

**Completed with delays (March- April)**

The draft on amending the Criminal Code was:

- approved by Government Decision no. 581 of 21.08.2015.
- registered in Parliament on 24.08.2015 with no. 309.
- adopted by Parliament in the 1<sup>st</sup> reading on 3.03.2016.
- adopted by Parliament in the final reading on 26.05.2016.

[Law no. 100 of 26.05.2016 on amending and supplementing the Criminal Procedure Code](#)

The law aims at adjusting the national legislation to international standards in terms of pre-trial detention i.e., a) exclusion of the suspect from the list of persons to whom preventive detention can be applied, b) issuing a deadline for keeping in custody in a criminal trial, c) motivation and justification for pre-trial detention measure, both in prosecutors acts, and in the court decisions, etc.), including the regulation on placement in custody of minors.

The draft law on amending certain legislative acts on juvenile justice was:

- approved by Government Decision no. 222 of 2.03.2016.
- registered in Parliament on 4.03.2016 with no. 82.
- adopted by Parliament in the 1<sup>st</sup> reading on 21.04.2016.
- adopted by Parliament in the final reading on 2.06.2016.

[Law no. 123 of 2.06.2016 on amending and supplementing certain legislative acts.](#)

The law provides for cases when minors can be released from prosecution or criminal punishment by applying instead coercive educational measures.

<p><b>5.5. Government to adopt draft amendments to the Constitution of the Republic of Moldova in respect of the initial term of appointing judges and the selection of judges of the Supreme Court of Justice, as well as specifying the role of the Superior Council of Magistracy in the self-administration of judiciary system, its composition and competences.</b></p>	<p><b>Completed with delays (March)</b></p>
<p><a href="#">The draft on amending the Constitution of the Republic of Moldova</a> was:</p> <ul style="list-style-type: none"> <li>- approved by Government Decision no. 430 of 11.04.2016.</li> <li>- endorsed by the Constitutional Court (Approval no. 6 of 19.04.2016).</li> <li>- registered in Parliament on 3.05.2016 with no. 187.</li> </ul> <p>The draft aims to amend the Constitution in the part concerning appointment of judges, the composition and competence of the Superior Council of Magistracy, thus to ensure the stability of tenure of judges and their irrevocability and to enhance the independence of the judiciary system.</p>	
<p><b>5.6. Government to approve the draft law amending the law on lawyers by increasing the transparency in the process of accession to the lawyer profession, increase the liability and guaranteeing the responsibility of the lawyers by financial support.</b></p>	<p><b>Completed with delays (March)</b></p>
<p><a href="#">The draft law on amending and supplementing the Law no.1260-XV of 19.07.2002 on lawyers (art.8, 9, 10, and other.)</a> was:</p> <ul style="list-style-type: none"> <li>- approved by Government Decision no. 555 of 5.05.2016.</li> <li>- registered in Parliament on 10.05.2016 with no. 198.</li> </ul> <p>The draft aims to <u>a)</u> establishing clear and transparent criteria, based on merit, to accede to the lawyer profession., <u>b)</u> strengthening the lawyers liability insurance system, <u>c)</u> strengthen the disciplinary responsibility mechanisms of lawyers, <u>d)</u> involvement of civil society representatives in the supervisory of the legislation on professional ethics of lawyers.</p> <p>The law proposes several changes and additions which cumulatively form a mechanism of accession based on merit and professionalism in the lawyer profession. Thus, an amendment indicates that people who have at least 10 years of service as a judge or prosecutor to be exempt only from the professional internship, while still applying and taking a qualification exam within 6 months.</p> <p>Another innovation of the draft is that the contract of professional internship, for the trainee lawyer, does not bear the onerous character, excluding in this way attempts at marketing the contracts of professional internship.</p> <p>In the same vein, in order to increase the efficiency of the professional internship and the acquisition of practical skills in the specific field of activity, the trainee lawyer will have the right to assist the lawyer at any stage of criminal and contravention proceedings. This rule will give to the trainee lawyer the legal basis to gain knowledge and practical skills in the field of legal assistance in criminal law, criminal and contravention procedure during the professional internship program.</p> <p>A prerequisite for effective increase of fairness and transparency of the process of accession to the lawyer profession will be the creation of the Appeal Commission.</p> <p>Likewise, it should be emphasized that the written part of the qualifying exam and the exam to accede the internship will take place as a computer test and practical written test cases, identical for all participants in the same examination session. All stages of the qualification examination will be audio and video recorded. Computer test results and records will be stored at the Union of Lawyers for a period of at least 1 year.</p>	
<p><b>5.7. Government to approve the draft law on reducing the limits of discretion (liberty of interpretation) of judges in the civil, criminal and contravention cases</b></p>	<p><b>Completed with delays (March)</b></p>
<p>The draft was:</p> <ul style="list-style-type: none"> <li>- approved by Government Decision no. 473 of 19.04.2016.</li> <li>- registered in Parliament on 20.04.2016 with no. 171.</li> <li>- adopted by Parliament in the 1<sup>st</sup> reading on 26.05.2016.</li> </ul>	

- adopted by Parliament in the final reading on 2.06.2016.  
[Law no. 122 of 2.06.2016 on amending and supplementing certain legislative acts.](#)

The law aims to provide more accurate margin of discretion given to the justice sector actors.

With regard to civil society concerns about some elements of this law, it is to be noted that the proposed amendments to the Offences Code provide a minimum margin of discretion in determining the size of the sanction, according to the Constitutional Court Decision no. 10 of 10/05/2016.

Regarding the possibility of cancelling by its own initiative of the assurance measures applied incorrectly, the court is to assess the correctness and necessity of the assurance measure at the stage when deciding its application, but not after ordering it. The unfairness in the application of the assurance measure, manifested by the judge, cannot be imputed to the plaintiff (who requested the measure) by ex officio cancellation of the assurance measure. An application from the defendant in this regard is absolutely necessary.

<b>5.8. Ministry of Justice to develop and present for public consultations strategies for modernization of the probation system and penitentiary.</b>	<b>Completed with delays ( May)</b>
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The draft of the [Strategy for the modernization of the probation system for 2016-2020](#) was:

- sent by the Ministry of Justice to the Government on 5.07.2016.
- approved by Government on the meeting of 6.07.2016.

The strategy has the following specific objectives: a) developing and strengthening of the institutional capacity (e.g., organization of regional inspectorates of probation and training-methodical centre development; development of the occupational standard for probation officer), b) strengthening the work of probation (e.g., expanding of the electronic monitoring; organizing the centres for social rehabilitation of persons released from detention), c) monitoring and research (e.g., establishment of statistical indicators, developing the controller methodology of probation and enforcement of legislation), d) strengthening national and international partnerships (e.g., establishment of Probation Advisory Council and district advisory councils).

The draft of the [Strategy for modernization of the penitentiary system for 2016-2020](#) was:

- sent by the Ministry of Justice to the Government on 5.07.2016.
- approved by Government on the meeting of 6.07.2016.

The Strategy has the following objectives: a) increase the efficiency in the administration of the prison system (e.g., implementation at the Penitentiary Department of the quality management system), b) efficient organization of human resources management of the penitentiary system (e.g., 25% increase in capacity of providing psychological assistance for prison system employees), c) modernization of the penitentiary system infrastructure to improve the prison conditions (e.g., a 50% decrease in the number of spaces that do not meet the minimum conditions of detention), d) establishment of the progressive system to execution of the sentence. (e.g., creation of detention sectors for separate detention of the prisoners with different detention regimes), e) ensuring the safety of prison system (e.g., creating the intervention structures and negotiators at prisons), f) developing the high quality medical services for inmates, equivalent to those provided in the public health system (e.g., inclusion of prisoners in the category of medical insured persons).

**Priorities:**

- **adoption by the Parliament of the Plan on building new premises and / or renovation of existing buildings, needed for the well functioning of the court system**
- **development by the Ministry of Justice of the draft amending the Constitution in part concerning the composition and selection criteria of the Constitutional Court judges**
- **approval by the Ministry of Justice of the Guide on internal procedures of the prison system**
- **development by the Ministry of Justice of the Evaluation Methodology on detainees needs and risks**
- **development by the Ministry of Justice of the Regulation on Qualification Commission's work and evaluation of judicial experts**

<b>6. Reform of the Prosecution</b> no. of actions – 3 completed on time – 1 completed with delays – 2 delayed – 0	
<b>6.1. Parliament to submit the adopted Law on Prosecution for promulgation to the President.</b>	<b>Completed on time (March)</b>
<a href="#">Law no. 3 of 25.02.2016 on Prosecution</a> was promulgated by Presidential Decree no. 1960 of 16.03.2016.	
<b>6.2. Government to initiate the procedure for amending the Constitution, which relates to the Prosecution reforms (i.e. art 124 and 125 of the Constitution).</b>	<b>Completed with delays (March)</b>
<p><a href="#">The draft on amending the Constitution</a> was:</p> <ul style="list-style-type: none"> <li>– approved by Government Decision no. 431 of 11.04.2016.</li> <li>– endorsed by the Constitutional Court (Approval no. 5 of 19.04.2016).</li> <li>– registered in Parliament on 3.05.2016 with no. 188.</li> </ul> <p>The draft aims at a) clear determination of the place of Prosecution in the law enforcement system and the basic duties of prosecutors, b) determining the place of the Superior Council of Prosecutors in the enforcement system of the Prosecution c) Constitutional consolidation of the mechanism for the appointment of the General prosecutor and line prosecutors.</p>	
<b>6.3. Government to adopt the related framework to the Prosecution Law as approved by the justice sector reform working group.</b>	<b>Completed with delays (April)</b>
<p>The draft law on amending and supplementing certain legislative acts was:</p> <ul style="list-style-type: none"> <li>- approved by Government Decision no. 655 of 27.05.2016.</li> <li>- registered in Parliament on 31.05.2016 with no. 243.</li> <li>- adopted by Parliament in the 1<sup>st</sup> reading on 17.06.2016.</li> <li>- adopted by Parliament in the final reading on 1.07.2016.</li> </ul> <p><a href="#">Law no. 152 of 1.07.2016 on amending and supplementing certain legislative acts.</a></p> <p>The law is to adjust the legislative framework related to Law no. 3 of 25.02.2016 on prosecution by creating required mechanisms for full and effective implementation of this law, specifying the powers of the prosecutor in conducting prosecution, and clear delimitation of responsibilities and competences of the prosecuting authority in criminal proceedings (National Anti-Corruption Centre and Ministry of Interior).</p> <p>Regarding the concerns of the civil society on assigning Prosecutor's Office for Combating Organized Crime and Special Cases of the investigatory powers on cases of theft at a large scale, according to art. 270<sup>2</sup>, the prosecutor's office does not have jurisdiction to prosecute the offences of theft.</p>	
<p><b>Priorities:</b></p> <ul style="list-style-type: none"> <li>– adoption by the General Prosecutor's Office of Prosecution Regulation</li> <li>– adoption by the General Prosecutor's Office of specialized prosecution regulations (Anticorruption Prosecutor's Office and Prosecutor's Office for Combating Organized Crime and Special Cases)</li> <li>– adoption by the General Prosecutor's Office of the regulations for prosecution self-administered bodies (Superior Council of Prosecutors, Prosecutors College of performance evaluation, Selection and Career prosecutors College and College of discipline and ethics)</li> <li>– appointment by the Prosecution General's of the members - representatives of the civil society in Prosecutors College of performance evaluation, Selection and Career prosecutors College and College of discipline and ethics</li> <li>– appointment by the General Prosecutor's Office based on competition of the Heads of divisions /units from the Prosecution General and the Heads / Deputies of the territorial Prosecutions</li> </ul>	

## II. ECONOMIC DEVELOPMENT AND FUNCTIONING MARKET ECONOMY

### 7. Re-launch negotiations for the signature of a Cooperation Agreement with IMF

no. of actions - 6

completed on time - 4

completed with delays - 2

delayed - 0

**7.1 National Bank to consult with IMF measures to be taken following the audit reports for the 2 banks, placed under special supervision**

**Completed on time  
(March - April)**

After receiving audit reports, the NBM, in early April, has submitted to the IMF for consultation the strategy developed based on results of audit reports.

**7.2 National Bank to develop an action plan following the audit recommendations/findings for the 2 banks, placed under special supervision**

**Completed on time  
(March - April)**

According to the results of the audit reports, NBM, through Decisions of the Executive Board from 27.06.2016, drafted in cooperation with IMF and EU High Level Adviser, has applied remedial measures to two banks under special supervision concerning their banking activity. The banks were also requested to prepare an Action Plan to address all the shortcomings identified in the Reports concerning the diagnostic studies, performed at the respective banks. The Plans were presented to NBM, and are currently under examination.

**7.3 Complete the audits of the third bank under special supervision**

**Completed on time  
(March - April)**

The audit report at the third bank which is under special supervision was completed. The IMF has been consulted on the measures to be taken

**7.4 National Bank to develop an action plan following the audit recommendations/findings for the third bank.**

**Completed on time  
(April)**

Following the diagnostic study and the results of the thematic inspection which was performed at the bank, NBM has drafted an Action Plan which was presented to the representatives of the IMF for coordination.

**7.5 Government will undertake all the necessary measures in order to launch the negotiation process for a new Cooperation Agreement with IMF (Memorandum of Economic and Financial Policies)**

**Completed with delays  
(April - May)**

Consolidated efforts were undertaken to re-launch negotiations with the IMF. First visit of the IMF team of experts led by Ivanna Vladkova-Hollar, took place from 23 to 29 March 2016.

Next working meeting was held in Washington between 14-19 of April 2016, in the margins of the IMF and World Bank Joint spring session which was attended by the Minister of Finance and the Governor of the National Bank of Moldova.

Second IMF mission (led by Ivanna Vladkova-Hollar) took place from 23 to 27 May 2016 and a common vision was formulated regarding the needed long - term running measures aimed to assure the stability of banking system in the Republic of Moldova.

The latest IMF mission visited Chisinau between 5 and 15 July, 2016. During the discussions it was agreed on the most important areas, including reforms that are aimed to improve Corporate Governance, to increase transparency in the banking sector, to ensure the financial sustainability of the energetic sector and to achieve budgetary - fiscal policies over the medium term period of time.

**7.6 The negotiation and signing the Cooperation Agreement between IMF and the Government of the Republic of Moldova**

**Completed with delays  
(June)**

By Government Disposition no. 83-d of 07.06.2016 the formal group of negotiators was appointed, being given the mandate to participate in the negotiation of a strategic program of financial support by the IMF. The group of negotiators ensured a coordinated approach in formulating government's priorities to be part of the

new programme.

As a result of the IMF mission from 5-15<sup>th</sup> of July and consequent Washington discussions, on July 26 IMF staff and Moldovan authorities have reached a staff-level agreement on economic reform program to be supported by a three-year Extended Credit Facility and Extended Fund Facility (ECF/EFF) arrangement. Access under this arrangement is proposed to be set at 75 percent of Moldova's quota in the Fund (SDR 129 million, or about US\$ 179 million). The staff level agreement is subject to approval by IMF Management and the Executive Board. Consideration by the Executive Board is expected in October, following the authorities' implementation of a number of prior actions.

The new ECF/EFF arrangement will first and foremost aim to make swift upfront improvements in financial sector governance and supervision. The new program would play a catalytic role for unlocking donor support to sustain economic development and rests on two pillars:

**Policies to ensure macroeconomic and financial stability.** The program aims to tackle long-standing vulnerabilities rooted in a non-transparent shareholder structure of the banks and weak supervisory and regulatory framework of Moldova's financial sector. Monetary policy will continue to be focused on maintaining price stability in the context of a flexible exchange rate regime. Fiscal policy will focus on using available margins wisely, to strengthen public investment and support social and developmental objectives.

**Structural reforms to facilitate growth.** The authorities' program supported by the ECF/EFF arrangement is part of a broader development framework supported by other international partners that would set Moldova on a path of sustainable and inclusive growth. Structural reforms will aim at improving business climate, attracting investment and enhancing Moldova's growth potential. Initial measures will support the authorities' anti-corruption efforts, sustainable energy policy, and fiscal reform agenda, including reforms to mobilize revenue, enhance the efficiency of expenditure, and reduce fiscal risks.

**Priorities:**

- NBM to monitor the implementation of the Action Plans of the three banks subject to special supervision
- Signature of a Cooperation Agreement with the IMF (October)

**8. Strengthen the independence and supervisory powers of the National Bank and of the National Commission for Financial Markets**

no. of actions - 8  
 completed on time - 2  
 completed with delays - 3  
 delayed - 3

<b>8.1 Parliament to finalize the procedure for appointing a Governor to the National Bank of Moldova (NBM) via a transparent competition</b>	<b>Completed on time (March)</b>
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The new NBM Governor, Sergiu Cioclea 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.

<b>8.2 Parliament to appoint new members to the NBM's management bodies in order to fill-in the existing vacancies (two deputy governors and four independent members of the NBM's Supervisory Council)</b>	<b>Delayed (March - April)</b>
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On 29<sup>th</sup> of July the Parliament appointed 4 members for NBM Supervisory Council (Dumitru URSU, Alexandru PELIN, Valeriu IAȘAN, Vadim ENICOV).

<b>8.3 The Parliament to adopt the financial-banking legislative package (amendments to the NBM and NCFM Laws, draft law #14) agreed with the IMF and World Bank.</b>	<b>Completed with delays (March)</b>
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The draft law was:

- approved through Government Decision no. 40 from 01.02.2016
- registered in Parliament on 03.02.2016 with no. 14

- adopted in the 1st reading on 25.02.2016
- adopted in final reading on 08.04.2016

[Law no. 62 of 04.08.2016 for amending and supplementing certain acts.](#)

The law aims, inter alia, to strengthen the independence of the NBM, by exempting the normative acts of the NBM and of the National Commission for Financial Markets from any ex ante revision performed prior to their adoption by any public authority, as well as by providing legal protection of the employees of the NBM and the National Commission for Financial Markets.

<b>8.4 NBM and the Parliament (with support of IMF) to engage an independent external review of the banking supervisory process at the National Bank</b>	<b>Delayed (July)</b>
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The Scope of Work and Terms of Reference for the independent external review of banking supervisory process were drafted. Discussions are ongoing with IMF in order to carry on the assessment.

<b>8.5 National Bank to draft the Action Plan for the implementation of the Financial Sector Assessment Program (FSAP) recommendations</b>	<b>Completed on time (March)</b>
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NBM has developed the Action Plan. The document was endorsed by relevant public authorities in April 2016 and is under implementation.

<b>8.6 National Bank to draft and consult with IMF on the Legal, Institutional, and Regulatory Framework in Times of Financial Stability - Legal tools for Systemic Banking Crises (Bridge Bank legislation).</b>	<b>Completed with delays (March- May)</b>
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Following discussions with the IMF, it was decided that legislation on bank resolution is to be a comprehensive one, with multiple intervention tools, including bridge bank tool (bridge bank).

The [Draft law on bank recovery and resolution](#) was:

- registered in Parliament on 15.07.2016 with no.322
- adopted in 1<sup>st</sup> reading on 29.07.2016

The draft is to create an effective framework for crisis management for financial institutions, by giving to the authorities a set of credible tools to intervene early enough and swiftly in case of a bank resolution, so as to ensure the continuation of critical economic and financial functions, reducing the negative impact on the economy and financial system.

<b>8.7 Parliament to adopt relevant legislation related to Legal tools for Systemic Banking Crises (Bridge Bank legislation).</b>	<b>Delayed (June - July)</b>
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In order to introduce the necessary legal instruments related to Systemic Banking Crises, in addition to above mentioned law, amendments were proposed to the national legislation through the draft [law no.323 amending and supplementing to the laws \(the Law on the National Bank of Moldova - Articles 5, 10, 34 and Financial Institutions Act Art. 3,6,9, etc.\)](#), which was:

- registered by the Parliament on the 15.07.2016 with no.323
- adopted in 1<sup>st</sup> reading on 29.07.2016

<b>8.8 NBM to draft (with the support of IMF) a special legislation on the Central Depository.</b>	<b>Completed with delays May</b>
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According to the Law No.62 of 08.04.16, published on 06.05.2016, the Government within 3 months of publication (i.e. until August 6, 2016), will present to the Parliament the Law on the single central depository. NBM has requested technical assistance (TA) from the IMF for drafting the Law on the central depository. Following the mission of the IMF TA 26-28.04.2016, a special law on the central depository was drafted.

The [draft law on the Central Depository](#) was:

- registered in the Parliament on 15.07.2016 with no. 321
- adopted in 1<sup>st</sup> reading on 29.07.2016.

It was agreed with IMF to have additional consultations on the draft before its final reading in Autumn.

The law aims to remove constraints arising from the fragmented structure of the existing depository

infrastructure for financial instruments, thus increasing efficiency and protection of holders rights, and consequently improving investment attractiveness of the country.

**Priorities**

- **Parliament to appoint the President of the National Commission for Financial Market via a transparent competition**
- **Parliament to adopt the Development Strategy of non-banking financial market and the Action Plan for 2016-2020 for its implementation**
- **Parliament to adopt the law on non-banking credit organizations and legislative acts related to NCFM regulatory and supervisory powers for the leasing sector**
- **Government to approve amendments to the Law no 171 of 11.07.2012 regarding the capital market in order to create the State Register of shareholders.**

**9. Ensure thorough, impartial investigation of the cases of fraud that affected the banking system in 2014, also with a view to recovering the diverted funds and to bringing those responsible to justice.**

**no. of actions - 2  
 completed on time - 2  
 completed with delays - 0  
 delayed - 0**

<b>9.1 National Bank will grant all necessary support to Kroll investigation with a view to recover the diverted funds.</b>	<b>On going</b>
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At the end of March, NBM has received its first formal progress briefing from Kroll on its continuing investigation of the large scale fraud in the Moldovan banking sector. This first phase of investigation is part of a proposed two year investigation into transactions of the 3 Moldovan Banks during the period 2012 to 2014.

Based on the results of the report, currently an asset recovery plan is being implemented with the intention of recovering funds worldwide from the wrongdoers. Kroll has confirmed the preliminary findings of NBM that the transactions were part of a co-ordinated fraud and is working towards providing evidence that will meet the high standards of the international court processes required to prove liability and to make financial recoveries. At this stage Kroll has identified more than USD 350 million of payments that can be directly attributed to the fraud that took place within the three Moldovan Banks.

Steps are taken to trace the fund flows to identify all those that ultimately benefitted from the fraud and to initiate the necessary legal proceedings that will result in the recovery of assets.

NBM is working closely with Kroll and the international law firm Steptoe and Johnson to implement the investigation plan and asset recovery strategy for the Republic of Moldova.

<b>9.2 General Prosecutor's Office to ensure a timely advancing of the cases to courts and swift processing of the international requests for legal assistance from Latvia, Russia and the US.</b>	<b>On going</b>
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Currently there are 6 criminal cases, 4 of them are ongoing, and 2 were completed with conviction in first instance. Requests of international legal assistance were sent to: Switzerland - 1 (completed); France - 1 (partially completed); Latvia - 1 (partially completed), another one sent in early June 2016; Romania - 1 enforced and 1 sent at the end of June 2016; Russia - 1 (unenforced - sent at the beginning of June 2016); USA - 2 (1 completed).

**Priorities**

- **Provide support and assistance in preparing Kroll 2 report**
- **ensure full cooperation in the recovering the diverted funds**

**10. Restoring an attractive and stable business and investment climate**

no. of actions - 19

completed on time - 10

completed with delays - 8

delayed - 1

**10.1 (a) Amending the Law no. 451-XV of 30.07.2001 on licensing of entrepreneurial activity;****Completed with delays  
(March-April)**

The draft law was:

- approved by Government on 23.03.2016
- registered in Parliament on 01.04.2016 U (no. 133)
- adopted in the 1<sup>st</sup> reading on 27.05.2016 and in the 2<sup>nd</sup> reading on 09.06.2016

Published as [Law no. 127 from 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.

**10.1 (b) Amending the Law no. 235-XVI of 20.07.2006 on the basic principles of regulation of the entrepreneurial activity;****Completed on time  
(March-April)**

In the process of implementation of action was revealed that the set objective can be achieved by amending the Government Decision no. 1230/2006 on the Methodology of analysing the regulatory impact and monitoring the efficiency of regulatory act.

Thereby on 27.04.2016 was approved the [Government Decision no. 775 of 20.06.2016 on approval the amendments and completions which are operated in some Government decisions](#).

The respective amendments aim at improving the mechanism of drafting the Regulatory Impact Analysis (RIA) and reinforce the process as well. Among the benefits of this document one can mention: simplifying the procedure of elaboration the RIA and increasing the transparency of the RIA.

**10.1 (c) Amending the Law no. 131 from 08.06.2012 on state controls of entrepreneurial activity in order to reduce the number of controls and inspections.****Delayed  
(March-April)**

[Draft law for amending and completing of some Legislative Acts \(Law on Pharmaceuticals – Art. 15, 19; Law on Environmental Protection – Art. 26; Law on fire protection – Art. 23; etc\)](#) was:

- approved by the Government on 15.06.2016
- registered in Parliament on 27.06.2016 (no. 293)
- adopted in the 1<sup>st</sup> reading on 21.07.2016

The present law aims at reducing the burden on economic agents, especially by lowering the number of controls and ensuring of their proportionality. In this regard is important the proposal to initiate the institutional reform which is contained in this draft. In this respect, was proposed a new version for Annex, listing 11 potential control authorities and identifying another 5 existing, for which law will be applied only partially. 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.

**10.1 (d) Amending the Law on the license activity of entrepreneurs and the Law regulating by authorization the activity of entrepreneurs.****Completed with delays  
(March-April)**

The draft law was:

- approved by the Government on 06.05.2016 (no.578)
- registered in Parliament on 10.05.2016 (no. 197)
- adopted in the 1<sup>st</sup> reading on 10.06.2016 and voted in the 2<sup>nd</sup> reading on 22.07.2016.

<a href="#">Law no. 181 of 22.07.2016 for amending and completing of some Legislative Acts on the regulating by authorization the activity of entrepreneurs.</a>	
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.	
<b>10.1 (e) The Draft Law on amending the law on state registration of the legal entities and individual entrepreneurs (art, 2, 4, 5,7) and the law on the regulating by authorization the activity of entrepreneurs.</b>	<b>Completed on time (March-April)</b>
<a href="#">Law no. 21, published in the Monitorul Oficial no. 79-89/152 of 01.04.2016 for amending and completing of some Legislative Acts.</a>	
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.	
<b>10.1 (f) Law on Metrology.</b>	<b>Completed on time (March-April)</b>
<p><a href="#">Law on Metrology no. 19 of 04.03.2016</a> The Law will enter into force on 15.10.2016. The law creates the structure of the national system metrology and determines the functions of its component parts; ensuring transparency of metrological supervision process of measuring instruments, pre-packages and bottles which are being used as receipts of measuring with the purpose to be introduced on the national and European markets. The project describes the national metrology infrastructure and functions of its component parts, thus, the system includes:</p> <ul style="list-style-type: none"> <li>- Metrology Central Authority is the central body of public administration responsible for quality of infrastructure (Ministry of Economy);</li> <li>- National Council of Metrology;</li> <li>- Consumer Protection Agency;</li> <li>- National Institute of Metrology;</li> <li>- National Standards System;</li> <li>- Metrological services of legal persons.</li> </ul> <p>The draft also includes a number of new provisions related to permissive acts, which are issued in accordance with Law no. 160 of 22.07.2011 on regulating by authorization the activity of entrepreneurs, such as: requirements to designate the laboratories for metrological verification, requirements for technical registration, procedures and means of issuing of permissive acts. The metrological supervision is divided into two components, namely: the market surveillance and supervision in using the instruments of measuring. This thing will allow the supervision of measuring instruments once they have been placed on the market and also use them; as well as it will ensure that the measuring instruments, pre-packages and bottles used as receipts of measurement placed on the market and/or in simply using are corresponding with regulatory requirements.</p> <p>The draft law contains provisions related to pre-packages and bottles which are used as recipients of measurement in order to assure their placement on the national and European markets.</p> <p>The draft contains provisions that assure the freedom of movement for measuring instruments on the Moldovan market, excepting the instruments which are subject of conformity assessment and were subject of "initial verification of the CE". This represents a mean of legal metrological control without applying the initial verification. In this respect, the instruments which were subject to conformity assessment procedures will be placed on the market without further assessment.</p>	
<b>10.1 (g) Law on standardization.</b>	<b>Completed on time (March-April)</b>
<a href="#">Law no. 20 of 04.03.2016 on National Standardization, published on 08.04.2016 in the Monitorul Oficial no. 90-99 Art. 170.</a> The law ensures harmonization of the national legislation to the acquis communautaire in the field of standardization. By providing a viable national system of standardization, the impact on the	

business environment will be a favorable one. Standardization is the most important tool to support economic competition, through which could be open markets and ensure environmental protection, safety, security, health, access to information and the high quality of products/services.

In the elaboration of the draft law were taken into consideration the proposals and objections of European experts within the project twinning MD/13/ENP/TR/14 “Strengthening of the standards and metrology sector according to the best practice of the EU Member States”.

Considering that the Republic of Moldova (RM) is not yet an EU member, the draft project presents harmonization with the requirements of Regulation (EU) no. 1025/2012, according to the actual economic situation of the State, because the Republic of Moldova is not a member of the EU, and not all provisions of the community Act are applicable for the Republic of Moldova (For example: financing ONS).

Therefore, the draft law mostly regulates the following: (I) the organization and functioning of the national standards body (NSB) including the representation of the Republic of Moldova in the regional organizations (European, interstate) and internationally; (ii) the regime of Moldovan standards elaborated under the national and regional standardization (European and regional) as well as international ones, which were adopted nationally as Moldovan standards; or how standards can be referenced in the legislation, following the principles of Community law and avoiding the imposition of non-tariff barriers in the trade way; copyright protection; (iii) assuring a transparent standardization system, at the same time it would be efficient and open to all interested parties; (iv) the relationship between national standardization authority and state authorities; (v) assuring a viable national standardization system. The draft law establishes the legal framework which will be necessary to assure the financing of activities of the national standardization authority, which will give to it the possibility to exercise its specific duties for the public interest.

Promotion of this law will help to ensure the economic efficiency, increase competitiveness of the national economy, protect consumers and also will facilitate the export flows to the EU market.

<p><b>10.2 Ministry of Economy shall develop the necessary secondary legislation related to:</b></p> <ul style="list-style-type: none"> <li>- <b>Law on market surveillance</b></li> <li>- <b>Law on the rights of consumers at the concluding of contracts</b></li> <li>- <b>Law on metrology</b></li> <li>- <b>Law on national standardization</b></li> </ul>	<p><i>Completed with delays (April-May)</i></p>
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Implementation of this law required the approval of the [Government Decision "on the approval of Methodology on risk assessment in the case of non-food products for consumers and the selection of corrective measures"](#) approved at the Government meeting on 13.07.2016.

It regulates the Methodology by which is established the proper procedure designed to evaluate the level of risks of non-food products for consumers; conditions in which the authorities responsible for market surveillance select and apply such corrective measures in connection with selling and using of those products which present the risks to human health and safety.

- ***Law on the rights of consumers at the concluding of contracts***

Implementation of this law required the approval of the [Government Decision on Consumer Coordination Council and Market Surveillance](#) at the Government meeting of 13.07.2016. The expected impact of its application will be the enhancing of the level of consumer protection by assigning additional tasks to the Consumer Coordination Council.

- ***Law on metrology***

Implementation of this law required the approval of the [Government Decision on the approval of the regulation on the organization and functioning of the National Metrology Institute](#) at the Government meeting of 13.07.2016. The expected impact of its application will be the clear regulation and the effective implementation in the easy manner of its own statutory documents by the public institution (NMI), as well as

ensuring its easier identification within regional/international organizations on metrology as an independent entity and being recognized by the Moldovan Government, with its own constitution package, which will contribute to the efficient and sustainable functioning of the public institution of NMI.

**- Law on standardization**

Implementation of this law required the approval of the [Government Decision on approval of the Regulation on the organization and functioning of the National Standardization Institute](#) at the Government meeting of 13.07.2016. The expected impact of its application will be the clear regulation and the effective implementation of its own statutory documents by the public institution (NSI), as well as ensuring its identification within European and regional/international organizations on standardization as an independent entity and being recognized by the Moldovan Government, with its own package of founding acts, which will contribute to the efficient and sustainable functioning of the public institution of NSI.

<b>10.3 Re-launching the privatization process.</b>	<b>ongoing</b>
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In the Monitorul Oficial of the Republic of Moldova from 19.02.2016 tender and privatizations announcements 57 state's public property goods were published. 2 goods were adjudged on 16.03.2016 at the total price of 480 760 lei MD.

On the closing date for submission – 23.03.2016, were tendered 3 goods which became exposed to commercial competition, at the initial price of 64,890 mil lei MD.

State part in 24 lots, including 12 here the state is the majority shareholder, were exposed to “outcry” auction on the regulated market (stock-exchange) from 4 to 8 April 2016.

The stocks of 3 Joint-stock company, the state's public property, with total sum of 258 296, 3 lei MD, were adjudged on 04.04.2016 in the “outcry” auction. In an auction were adjudged the block of shares of the S.A. Magazinul Universal Central”UNIC” (the state share is 85,45%) at the price of 252 million lei MD, S.A. “Aeroport Catering” (100%) – more than 5 million lei MD and S.A. “Amelioratorul” (99,385%) – over 982 000 lei MD.

The next round of the Stock Exchange auctions “outcry” privatization of publicly owned shares will be held in the period 19-23 September 2016. The announcement and the information about lots being posted on the website of the Public Property Agency on 8 July 2016.

<http://www.app.gov.md/ro/content/desfasurarea-licitatiilor-cu-strigare-pe-piata-reglementata-perioada-19-23-septembrie-2016>.

<b>10.4 Ministry of Economy to update the Roadmap for improving the competitiveness of the Republic of Moldova.</b>	<b>Completed with delays (March)</b>
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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.

<b>10.5 Ministry of Economy to promote the legislative initiative establishing a consultative nature of state controls carried out in small and medium sized enterprises for 3 years after their establishment.</b>	<b>Completed on time (March)</b>
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The draft law was:

- approved by the Government on 12.02.2016 (no. 435)
- registered in Parliament on 13.04.2016 (no. 162)
- adopted in the 1<sup>st</sup> reading on 27.05.2016
- incorporated in the Draft Law on SME, which was adopted in the 2<sup>nd</sup> reading on 21.07.2016

[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.

**10.6 Government to launch and conduct an inspection survey study (on the feasibility of all the public authorities in charge with competences of state control).**

**Completed on time (March-May)**

The survey inspection was accomplished with the support of World Bank. The results of the inspection survey were presented to the Government. The study represents a comprehensive analysis of the functions of inspection/control in the Republic of Moldova which is affecting the business environment in the State. The aim of this study was to identify, through evidence, which are the current challenges facing the Government in the process of facilitating the legal and institutional reforms of inspections/State control, as well as providing policy options for implementing reforms with potential. Based on the study's conclusions, the formulated proposals were included in the Draft Amending Law no. 131 of 08.06.2012 on State control of business activity. The amendments to the regulatory framework aim at eliminating situations of abuse, reducing the burden on business and streamlining state control over business activity.

It is a comprehensive approach which includes the application and the implementation of a set of measures and mechanisms which refer to maximizing the transparency of state control, as well as streamline the inspectors' work in order to discipline them and minimise the risk of abuse by following means: standardizing the procedures and documentation; reducing the documentation; applying of unique electronic system designed for record and manage documents; enhancing the practice of planning control and minimalizing opportunities for unplanned inspections; applying limitations on restrictive measures and sanctions. Therefore, all these solutions, one with another, – shall achieve the proposed objectives. The Draft Law for amending and completing above mentioned Law was approved by the Government on 24.06.2016 (no. 788) and adopted in the 1<sup>st</sup> reading by the Parliament on 21.07.2016.

**10.7 Government to strengthen the capacities of the National Food Safety Agency, by appointing the Director of NFSA.**

**Completed on time (March)**

Gheorghe GABERI was appointed General Director of NFSA according to Government Decision no. 232 of 02.03.2016. Vsevolod STAMATI was appointed Deputy Director General for sanitary and veterinary measures of NFSA according to Government Decision no. 291 of 14.03.2016.

**10.8 Government to approve the new National Strategy for investment attraction and exports promotion for 2016-2020.**

**Completed on time (March)**

[The National Strategy for investment attraction and exports promotion for 2016-2020 was approved on 02.03.2016, by Government Decision no. 511 of 25.04.2016.](#) The strategy aims at reaching the full potential of export of the Republic of Moldova, mainly by attracting investments, both foreign and domestic. And it will create conditions for more efficient mobilization of investment capacities in order to increase exports and to assure economic growth.

**10.9 Government shall approve the Action Plan for 2016-2018 for the implementation of the National Strategy for regulatory reform of the entrepreneurial activity for 2013-2018.**

**Completed with delays (March)**

The Draft was approved by the Government on 06.04.2016, [the Government Decision no. 671 of 30.05.2016 for amending of the GD on approval the National Strategy for regulatory reform of the entrepreneurial activity for 2013-2018](#) and the Action Plan for the implementation of the National Strategy for 2016-2018. The direct benefits of implementation of National Strategy will be the reducing of administrative expenses related to private sector which are interacted with regulatory authorities. Additionally, the indirect effects, such as lost time of the private sector and creating a potential for investment growth, as result of reducing the regulatory constraints, will determine a long-term increase in investment, exports and employment.

**10.10 Ministry of Economy to draft the law on the state enterprises and**

**Completed on time**

<b><i>municipal enterprises in order to adjust the corporative management rules to the best practices of public property management.</i></b>	<b><i>(April)</i></b>
<p><a href="#">The draft law on the state enterprises and municipal enterprises</a> was approved at the Government meeting on 20.07.2016.</p> <p>The expected impact of its application is the uniformity of public policy on the management of state enterprises and municipal enterprises, and compliance of company management with general rules of corporative governance; determination and delimitation the competencies of founder, board of directors and administrator in order to improve governance on the state enterprises and municipal enterprises. Moreover, is required to have an annual financial audit for proving financial sustainability to these units.</p>	
<p><b>Priorities:</b></p> <ul style="list-style-type: none"> <li>- to draft and approve by the Government of the draft law on amending and completing of some legislative acts in order to simplify the proceedings for the voluntary liquidation of the business</li> <li>- to draft and approve by Government of the draft law on amending and completing of some legislative acts in order to establish an unified reporting system for economic agents</li> <li>- to draft and approve by the Government of the draft law on delimitation of public property</li> <li>- to draft and approve by the Government of the draft law on concessions in terms of a new concept approach on concessions and to facilitate the attraction of private investments in the public sector</li> <li>- restoring an attractive investment climate in the aviation sector through the adoption by the Parliament of the new Aviation Code and related regulatory framework</li> </ul>	
<p><b>11. Improving transparency and investment conditions in the energy sector</b>  no. of actions - 5  completed on time - 1  completed with delays - 4  delayed - 0</p>	
<b><i>11.1 Parliament to adopt the new Electricity and Natural Gas Laws in line with the 3rd Energy Package (Directives 2009/72/EC and 2009/73/EC).</i></b>	<b><i>Completed with delays March</i></b>
<p>The draft laws were adopted in the 1<sup>st</sup> reading on 26.02.2016 with no. 430 and respectively 29.12.2015 with no 432 and in the final reading on 27.05.2016. <a href="#">Law no.107 of 05.27.2016 regarding electricity</a> and <a href="#">Law No. 108 of 05.27.2016 regarding natural gas</a>.</p> <p>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.</p>	
<b><i>11.2 Ministry of Economy to sign a new electricity supply contract in more favourable terms as of 01.04.2016.</i></b>	<b><i>Completed on time (April)</i></b>
<p>The contract was signed on 02.03.2016. The Republic of Moldova has secured supply contracts for electricity to cover the necessary consumption at reasonable prices (an discount around 28% of the price set for the year 2015) until the April 1, 2017</p>	
<b><i>11.3 National Energy Regulatory Agency to establish the mechanism on the recovery of tariff deviations accumulated in the electricity sector and ensuring its adoption</i></b>	<b><i>Completed with delays (April)</i></b>
<p>As a result of signing the Settlement Agreement for tariff stabilization between Gas Fenosa and Ministry of</p>	

Economy, on June the 3<sup>rd</sup> 2016, facilitated by the Energy Community Secretariat, ANRE drafted and approved a mechanism for recovery of financial deviations for electricity suppliers and distribution operators at the regulated tariffs. This mechanism has been approved by the decision nr. 201/2016 form 15 of July 2015, decision taken by ANRE board of directors.

The Impact:

- Recovery of the financial deviations accumulated between 2012-2015 by the companies from the electricity sector, which were accumulated due to the following factors: gradual reduction of the national currency since the last approval of tariffs by ANRE (2012-2015) , the gradual increase the purchase price of electricity from sources during the next period of time , etc.
- Avoiding of an arbitration process against Moldova in accordance with art. 26 of the Energy Charter Treaty.

<b>11.4 Parliament and the Government to launch consultations with the European Energy Community and development partners for an external independent review of the National Agency for Energy Regulation, its competences and capacity for consolidating the independency of the Agency.</b>	<b>Completed with delays (March)</b>
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As a result of the letter signed by the Speaker of Parliament and Prime Minister addressed to the General Secretary of the Energy Community of 20.04.2016 in July in Moldova arrived a team of experts of the Secretariat to carry on the assessment. Mission report will be presented in the third quarter, with possible recommendations that would be eventually included in the new draft Energy Law.

<b>11.5 National Energy Regulatory Agency to develop a roadmap on the liberalisation of the gas and electricity markets in order to properly inform the population, operators and other stakeholders about the timelines and steps to be taken.</b>	<b>Completed with delays (March-April)</b>
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With the entry into force on 8 July 2016 of the Law no. 107 and 108 of 27.05.2017 regarding the natural gas and electricity, the National Agency for Energy Regulation drafted and approved the [roadmap for liberalization of the electricity and natural gas markets](#)

#### **Priorities**

- **complete the final draft of the new energy law, respecting the recommendations of the Energy Community Secretariat**
- **Parliament will adopt the new Energy Law**
- **Parliament will designate General Director and eventual ANRE's Deputy Directors in accordance with the new law**

#### **12. Cooperation with the civil society**

**no. of actions - 3**  
**completed on time - 0**  
**completed with delays - 3**  
**delayed - 0**

<b>12.1. Government to re-launch the cooperation mechanism with civil society on a permanent basis.</b>	<b>Completed with delays (March)</b>
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The Government was part of the trilateral working group (Parliament, Government, civil society organisations) established at the initiative of the President of the Parliament, on 27 April 2016, which had the mandate to analyse the options for resetting the mechanisms of cooperation with civil society at both the Parliament and Government levels. The working group drafted the document "Proposals to streamline collaboration between civil society and public authorities" which was discussed at the Annual Conference of cooperation between Parliament and civil society from 4 - 5 July 2016.

Having regard to the recommendations set in the document, particularly on the need to ensure proper implementation of the existing mechanisms set in the law on transparency in decision making, on 27 July the Government approved the [Decision on the mechanism of public consultation with civil society in decision making](#). The purpose of this decision is to strengthen the capacities of the State Chancellery and public authorities to manage the proper implementation of the law on transparency in decision making, to improve the mechanism of public consultation and simplify access to public information. In practical terms, the

<p>decision provides for the set up within the State Chancellery of a specialized unit responsible for the cooperation with civil society and for the monitoring of the implementation of the law on transparency in decision making by public authorities.</p>	
<p><b>12.2. Parliament to review its mechanism of cooperation with civil society and to set up a new working platform of the civil society with parliamentary committees that would ensure participation at the early drafting stage of a law.</b></p>	<p><b>Completed with delays (March)</b></p>
<p>On 27 April 2016, at the initiative of the President of the Parliament was established a trilateral working group (the Government, CSOs) which had the mandate to analyse the options for resetting the mechanisms of cooperation with civil society at both the Parliament and Government levels.</p> <p>The working group drafted the document "Proposals to streamline collaboration between civil society and public authorities" which was discussed at the Annual Conference of cooperation between Parliament and civil society from 4 - 5 July 2016. During the conference, the participants decided on a series of measures to be taken by civil society and public authorities. As a result, the Permanent Bureau of the Parliament adopted the <a href="#">Decision on strengthening the cooperation between Parliament and civil society in the decision-making process</a>. In practical terms, the Parliament will relaunch the call for registration for civil society organisations interested in the legislative process, organised by area of expertise; the Parliament will also propose the set up of a separate unit responsible for the communication with civil society and for the monitoring and periodic evaluation of cooperation with civil society representatives.</p>	
<p><b>12.3. Parliament to adopt the "2% Law" (amendments to the NGO Law and Tax Code allowing tax payers to redirect up to 2% of the revenue tax to NGOs) as a measure to additionally support the activity of the civil society.</b></p>	<p><b>Completed with delays (April-May)</b></p>
<p>On 22 July 2016 the Parliament adopted the <a href="#">Law no. 177 amending and supplementing certain laws and by-laws, conventionally called "the 2% Law"</a>) that modifies the Tax Code, the Law on public associations, the law on freedom of conscience, thought and religion and Contravention Code. The percentage allocation mechanism ("the 2 % Law") was adopted with the aim of increasing public awareness of the associative sector, enhancing communication capacities of civil society organizations, developing a culture of philanthropy and to help consolidating the financial sustainability of civil society organizations. The purpose of the project is to regulate equal access to the percentage allocation mechanism for nongovernmental organisations and religious institutions; to simplify the procedure for allocating and receiving the 2%; setting equal rules for reporting and penalties in case of misuse of funds. The law also gives taxpayers the right to decide to which non-governmental organization they transfer the 2% of income tax.</p>	
<p><b>Priorities:</b></p> <ul style="list-style-type: none"> <li>- to set up and ensure the proper functioning of the new units responsible for cooperation with civil society</li> </ul>	
<p><b>13. Accelerate the implementation of the EU-Moldova Association Agreement, including its DCFTA part</b></p> <p>no. of actions - 4  completed on time - 4  completed with delays - 0  delayed - 0</p>	
<p><b>13.1 Government to implement the Calendar on liquidating the arrears in the implementation of the AA/DCFTA.</b></p>	<p><b>Completed (March)</b></p>

The implementation of the Association Agreement in the first half of 2016 coincides with the first six months of the new Government, his fact instilled a dynamic character to implementation of the AA provisions, but the efforts were mainly directed towards overcoming the previously accumulated backlogs.

The interagency coordination regarding AA implementation was substantially enhanced: the Governmental Commission for European Integration (CGIE) met on a weekly basis (16 meetings have taken place the first half of 2016).

Regarding the joint Moldova - EU monitoring of the AA, the institutional dialogue RM - EU worked as planned: the second meeting of the Association Council (14 March), the meetings of the Freedom, Security and Justice Subcommittee, the Sanitary and Phyto-sanitary Subcommittee and the three meetings of sector clusters of the Sub-committee on economic, social and other sectors.

Additionally, we should mention the meetings of the AA structures independent from the Government: the second meeting of the Parliamentary Association Committee – on parliamentary dimension and the first meeting of the Moldova – EU Civil Society Platform.

When looking at in putting into practice the 2014 – 2016 National Action Plan for the Implementation of the Association Agreement (NPAA), two factors are characteristic for this period: the focus on eliminating the backlogs accumulated during 2014 -2015 and the concentration on structural reforms on which lies the future of Moldova – EU relations.

In this context, the CGIE meeting of 2 February approved a [Calendar for eliminating backlogs in process of approximation of EU norms and regulation provided by the Association Agreement](#). The calendar's implementation rate reached 72%.

<b>13.2 Government to draft a Roadmap for ensuring the DCFTA implementation on the entire territory of the country.</b>	<b>Completed on time (March)</b>
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Recalling the decisions of the EU-Moldova Association Council of 18 December 2015 to extend the application of Title V Trade and Trade-related Matters on the entire territory of the Republic of Moldova, during the first quarter of 2016, the Working Group led by the Ministry of Economy has prepared an Action Plan for the implementation this decision. The plan includes actions for the 14 chapters, including TBT, SPS, Competition, IPR etc. Each measure has a deadline of implementation, generally in line with the commitments in the Association Agreement, but particularly in line with responsibilities assumed by Moldova within the WTO. The responsible institutions were also clearly identified. The plan was coordinated with European Commission experts and will be implemented with the support from development partners.

<b>13.3. Government and Parliament to improve institutional coordination in order to ensure efficient and smooth legal approximation of the national legislation in accordance to the AA/DCFTA commitments.</b>	<b>Completed on time (March-April)</b>
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At the end of the first quarter of 2016 the new Government relaunched activity of the Governmental Commission for European Integration on a weekly basis and re-set the dialogue with the Parliament. Thus, the Parliament and Government had two coordinating meetings for the approval of the European Integration Agenda, the first, having taking place on 16 March, was focused on synchronizing agendas for the implementation of the Roadmap, that is in fact jointly drafted document, thus representing a good example of cooperation between the two branches.

The progress and delays in completing the measures included in the Roadmap were discussed on 1 July during a second joint meeting of the Cabinet and the Parliament, this being also a good opportunity for setting the priorities for the next period, mainly the autumn session of the Parliament.

Additionally, it is worth mentioning the set up, in April this year, within the Parliament of the Council for European Integration. One of the objectives of this Council being the enhancement of cooperation with the Government in the process of European integration of Moldova and the harmonization of national legislation

with European *acquis*.

**13.4. Government and Parliament to aggregate monitoring tools for the legal approximation process in accordance with the Legislative Programme of the Parliament based on the AA/DCFTA commitments.**

**Completed on time  
(March-April)**

A concrete outcome of the enhanced cooperation between Government and Parliament on the European integration agenda was the adjustment, in April, of the Legislative program of realization of harmonization commitments for 2016 under the Association Agreement.

**Priorities:**

- **to negotiate and approve the new Moldova – EU Association Agenda.**
- **to draft and approve the National Action Plan for the Implementation of the AA for 2017-2019.**