

**PROGRESS REPORT ON THE IMPLEMENTATION OF THE REPUBLIC OF MOLDOVA –
EUROPEAN UNION ASSOCIATION AGENDA**

SEPTEMBER 2014 – MARCH 2016

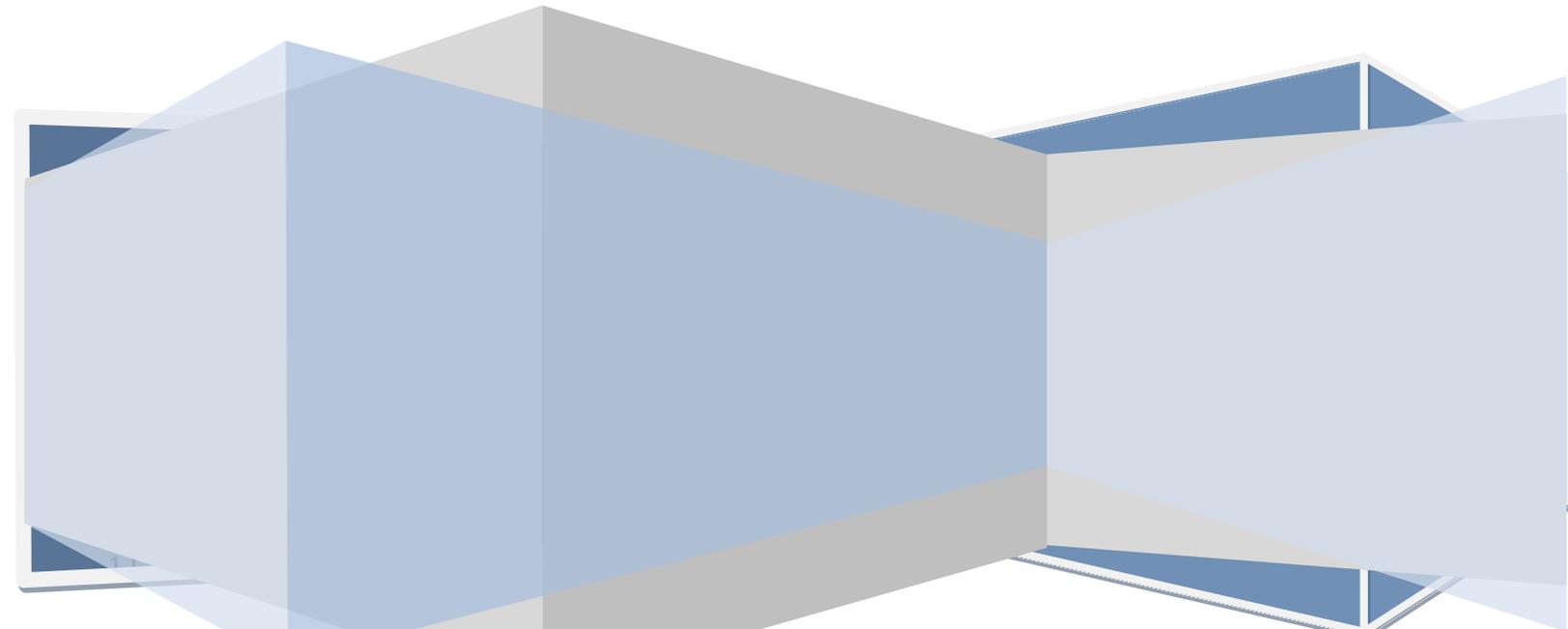


TABLE OF CONTENTS

- 1. General context 3**
- 2.1 Political dialogue and reform 4**
- 2.2. Foreign and security policy..... 8**
- 2.3 Cooperation on justice, freedom and security 10**
- 2.4 Economic cooperation 15**
- 2.5 Trade and trade related matters (DCFTA) 32**
- 3 Annexes 40**

General context

The signature and the subsequent entry into force of the Association Agreement, back in September 2014, have firstly imposed on the establishment of an institutional framework and necessary mechanisms for its implementation (Art.433-443). This objective was successfully achieved during 2015.

Considerable efforts have been undertaken at country's level for putting into practice the National Action Plan for the Implementation of the Association Agreement (PNA AA) for 2014-2016 period (approved by Governmental Decision No.808 dated 07.10.2014 and amended by the Decision No.713 dated 12.10.2015)¹, including strengthening the institutional coordination and monitoring mechanism.

The Government Commission for European Integration (GCEI) preserved the main coordination and monitoring role, its Secretariat being held by the Ministry of Foreign Affairs and European Integration. During 2015 five meetings of the Commission were held, whereas such decisions were taken as to revise the PNA AA, to transfer the reporting and monitoring on an electronic platform and to allow public access to the database. Concurrently, the progress reports on the implementation of the Association Agreement (AA) were approved during GCEI meetings, the delays on implementing the AA provisions were flagged out and the Republic of Moldova's position within the Association Council was agreed. As of February 2016 the GCEI meets weekly in order to recover the shortcomings and delays registered in the implementation of the AA.

Among the above mentioned actions, the transition to an on-line platform for reporting and monitoring the implementation of the AA (www.monitorizare.gov.md) is noteworthy. The so-called PlanPro platform became operational as of March 2015, whereas by September 2015, information and reports generated via PlanPro were made available to the general public.

Given the need for an effective cooperation between the Parliament and the Government in implementing the AA, important actions on adjusting their political agendas have been made accordingly. Following the proposals submitted by the Government, the Parliament has adopted the Legislative Programme on implementing the commitments taken under the AA (Decision No.146 dated 09.07.2015). In 2016 two joint meetings of the Government and Parliament leadership took place aiming at synchronizing the agenda for the implementation of the Association Agreement.

In terms of institutional cooperation with the EU, based on a mutual agreement, were institutionalised and organised the first meetings provided by the AA in all formats: the Association Council (16.03.2015, Brussels), the Association Committee (19.10.2015, Chişinău), the Association Committee in Trade configuration (05.03 and 22.10.2015, Chişinău) and the Parliamentary Association Committee (22.09.2015, Brussels).

Likewise, several sub-committees were carried out on Justice, Freedom and Security; on Economic and Other Sector Cooperation (6 clusters)²; on Customs (DCFTA dimension); on Geographical Indications; and on Sanitary and Phytosanitary Measures.

The process of establishing a Moldova - EU Civil Society Platform was facilitated as foreseen in the AA.

The Agreement was ratified by all national parliaments of the EU Member States, having the instruments of ratification dully submitted. Thus, the Agreement shall enter into force on the first day of the second month following the date of deposit of the last instrument of ratification or approval to the General Secretariat of the Council of the European Union, foreseen to take place in the first half of 2016.

¹ The full version of the report with details on each of the actions foreseen may be accessed on the online PlanPro reporting platform: <https://monitorizare.gov.md/reports/Raport%20PNAAA.html>.

² Cluster I has been organised during 23-24.07.2015.

2.1 Political dialogue and reform

Despite a long period of political instability and limited functionality of the Government, the political dialogue with the EU turned to be quite intense. An indicator of this is the number of meetings organised at the highest level. Thus, in 2015 there were four visits to Brussels at Prime Minister's level, including the participation in the Association Council (16.03.2015). During these visits, the Moldovan delegation had meetings with Commissioners (HR/VP F. Mogherini, J. Hahn, M. Šefčovič, C. Malmstrom, C. Cretu), Presidents of the European Council (D. Tusk), of the European Parliament (M. Schulz) and the European Economic and Social Committee (H. Malosse). On the other hand, Moldova has been visited by the President of the European Council D. Tusk, Trade Commissioner C. Malmstrom, and many European Parliament's delegations, including for the first time an MEP Mission of the SEDE Sub-committee of the EP.

The political dialogue with the EU has also been strengthened through cooperation with EUMS, inter alia via the Group for European Action of the Republic of Moldova (generically called Friends of Moldova), organized at the initiative of France and Romania, bringing together foreign ministers of the EUMS, representatives of EU institutions and the Foreign Minister of Moldova. For 2015, two meetings were planned. The first meeting took place in March in Brussels and the second one was planned for November, but has been postponed till further notice.

Strengthening the stability, independence and effectiveness of institutions guaranteeing democracy and the rule of law

An inter-institutional working group on amending the Electoral Code taking into account OSCE/ODIHR recommendations on Parliamentary Elections of 30.11.2014 and the Local Elections of 14.06.2015 was created. The proposals to amend the electoral legislation will be submitted to the Parliament for examination by June 2016.

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

On 9.04.2015, the Parliament has approved the *Law on amending certain laws on political party financing*. Subsequently, CEC ensured the adjustment of its legal framework to the new changes, by adopting the *Regulation on the political parties and electoral campaign finance, Regulation on the procedure of placing of the electoral publicity and political promotion on billboards, Regulation on coverage of the electoral campaign during the General Local Elections* from 14.06.2015.

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

Justice sector reform and functioning of National Anticorruption Centre

In October 2015, the Parliament decided to return to the 2012 procedure of appointment of the Director of the National Anticorruption Centre (NAC), i.e. to his or her appointment by the Parliament.

The Administrative cooperation arrangement between NAC and OLAF was signed in October 2015.

Draft amendments to Constitution on initial appointment of judges and selection of the judges of the Supreme Court of Justice, as well as clarifying the role of the Superior Council of Magistrates in self-administration of the judicial system, its competence and composition are being finalised by the Ministry of Justice.

The Parliament adopted the Law on judges' disciplinary responsibility in July 2014. It has been implemented since then.

New Law on prosecution providing for a comprehensive reform in the field was adopted in February 2016.

Draft amendments to the legal framework on the National Institute of Justice were submitted to the Parliament in September 2015.

Draft Government Decision on transfer of judicial police under the authority of the Ministry of Justice is being finalised by the Ministry of Justice.

In the course of 2015, continued the dialogue with EU in the field of **human rights** (meetings of the EU-Moldova dialogue on human rights (10 June) and the informal meeting on expert's level (27 November)). Moreover, Moldova has organised the traditional thematic seminar on „Determining disability and ability to work in the context of the employment of persons with disabilities” (12 June, Chisinau).

During 2015, the mechanism for monitoring and implementing the existing national human rights plan has been strengthened and a new action plan for the timeframe of 2016-2020 has been drafted.

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

During 2015, the Equality Council examined several laws and regulations from the perspective of non-discrimination in the areas of social protection, education, ensuring the right to vote for persons with disabilities and ensuring the freedom of conscience, thought and religion. The number of adopted decisions/recommendations and follow-up to their implementation by the Council has increased by 30% compared to 2014.

A proper implementation of the Ombudsman reform remained a priority after the adoption of the new Law on Ombudsman (May 2014). In this context, on 3.04.2015 the Parliament has appointed the Ombudsman. A new Regulation on the organisation and functioning of the Ombudsman Office entered into force on October 2015.

A constant progress has been ensured in terms of promoting the rights of persons with disabilities. In this respect, various measures have been undertaken to promote their social inclusion and deinstitutionalization. In June 2015, Moldova has presented the fourth periodic report on implementing the Framework Convention for the Protection of National Minorities.

Having the support of the OSCE High Commissioner on National Minorities, the national authorities have drafted a strategy on national minorities which was sent to the CoE for expertise.

In 2015, a new *Action Plan for the support of Roma people for the timeframe of 2016-2020* has been drafted. In January 2016, the final evaluation report of the Plan for the 2011-2015 period was presented at a National Conference and the new draft Action Plan for the period 2016-2020 was discussed with representatives of the civil society and specialized NGO's.

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

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

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

The anti-trafficking community continued the implementation of the National action plan on preventing and **combating trafficking in human beings** for 2014-2016. Out of 85 actions planned for 2015, 81 activities were successfully implemented or under implementation.

During the period 11-15.05.2015 a delegation of the CoE's Group of Experts on Action against Trafficking in Human Beings (GRETA) carried out an evaluation visit to the Republic of Moldova, which had the aim to assess progress in implementing the CoE Convention on Action against Trafficking in Human Beings since the first evaluation, held in 2011.

A lot of attention was given to enhancing the capacities of Territorial Commissions for combating trafficking in human beings. A thorough study of the activities of territorial commissions has been carried out, highlighting the gaps of interaction between the members of the territorial commissions and specialised NGO's as well as international organisations.

The Coordination Group of the National Commission for Combating Trafficking in Human Beings approved the calendar for drafting the National Strategy for preventing and combating Trafficking in Human Being for 2017-2020, which aims to combine the national referral system for protection and assistance of victims and potential victims of human trafficking with the criminal component of the THB.

In 2015, the number of complaints of **torture and other ill-treatment** received by the General Prosecutor's Office (around 633) shows a decreasing incidence compared to 2014.

Preventing and combating torture and other ill-treatment continued to be a priority for Moldova, included in the national policies and international agreements, under which efforts are made to discourage the phenomenon of torture and other ill-treatment.

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

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

In the sphere of **children's rights** protection Moldovan authorities focused their activities on cultivating an environment free of violence at school, within the family and in society; on improving the mechanisms of analysis and assistance for children at risk; on eliminating all forms of abuse against children and ensuring the right to education for all children, especially those from vulnerable categories.

In order to better protect the rights of minors' witnesses and victims during the investigation and litigation processes, different regulations and standards were approved with the aim of consolidating the capacities in offering quality legal services to these categories of children. The representatives of law enforcement bodies organised specialised trainings for specialists dealing with children in conflict with law. A guide to train criminal investigators (1135 copies) was developed and distributed to police inspectorates which showcased ways of hearing a victim and a juvenile witness. The General Prosecution's Office established a division for minors and actively promotes alternative measures for substituting penalties.

Other important achievements relate to the adoption of the action plan on preventing and combating school abandonment and absenteeism, approval of the Regulation on organisation and functioning of the Commission for protection of children in difficulty (which are acting at district level), the launch of the

National Consultative Council of Children in the area of social protection and the adoption of the 2015-2017 action plan on implementing the Development Program on inclusive education for 2011-2020.

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

Ministry of Interior carried out several trainings for 40 officers and 12 criminal investigators with a special focus on preventing and protecting cases of domestic violence. A Practical Guide on effective intervention of the police in cases of domestic violence was adopted.

In 2015-2016, the Council for the Prevention and Elimination of Discrimination and Ensuring Equality has organized jointly with the Foreign Policy Association and the US Embassy in Moldova 18 training courses attended by 720 police officers. .

Civil society cooperation

During the reporting period first steps were taken towards the creation of the Moldova – EU Civil Society Platform. On the Moldovan side, the Government acted as a facilitator between the NGOs, business associations, trade unions and the European counterpart – the European Economic and Social Committee. The objective can be evaluated as partially achieved, as the formal joint meeting is scheduled at no earlier than May 2016.

The Moldovan side of the Platform elected its members and the Chair. The Platform's first position on the implementation of the AA will be submitted to the Association Council that is to take place on 14 March. Nevertheless, the assessment is that the Platform's capacities need to be consolidated, both at level of developing monitoring skills of complex policy documents as well as organisational capacity that will allow for the institutionalisation of the cooperation.

Anti-corruption

In 2014 - 2015 531 criminal cases on corruption on 674 persons were submitted to the courts. Out of 674 persons 48% were from law enforcement agencies and justice sector, 20 - from central and specialised public administration, 13% - from local public administration, 9% - from medical sector, 6% - from education, 4% - from banking and fiscal sectors.

In 2014 - 2015 5 cases of corruption committed by ministers and deputy ministers were identified, 8 - by heads and deputy heads of national agencies, 5 - by heads and deputy heads of autonomous public institutions and heads and deputy heads of departments within the public authorities, 24 - by mayors, 17 - by judges and 3 - by prosecutors.

An Unit for fight against high level corruption was established within the National Anticorruption Centre (NAC) in 2015.

During 2014 – 2015 courts reviewed 595 cases investigated by the Anticorruption Prosecutor's Office and NAC, of which 258 - in 2014, and 266 - in 2015. Based on the investigated crimes, the courts of first instance established the guilt of the defendants in 83% of cases, pronouncing convictions and termination of the criminal investigation by applying administrative liability. In other 18% of cases acquittals were pronounced.

85% of the activities provided for in Action Plan for 2014 - 2015 on implementation of the National Anticorruption Strategy for 2011 - 2015 were implemented, 2% of activities became irrelevant during implementation of the Action Plan and 13% of activities were partially implemented.

In March 2016, NAC proposed to the Parliament to extend to 2016 the period of implementation of National Anticorruption Strategy 2011 - 2015 and to approve the Action Plan for 2016. The 13% of activities from the Action Plan 2014 - 2015, which have been partially implemented, were reflected in the draft Action Plan for 2016. A new policy document, the National Anticorruption Strategy 2017 – 2019 will be developed following the finalisation of the assessment report on implementing the NAS 2011 – 2015.

Draft Law on delimitation of competences between the National Integrity Commission and NAC on competences to find, pursue and prosecute the wealth from other sources than the one declared was approved in the first reading by Parliament in February 2016.

The system of financial investigations and asset recovery continued to function. The National evaluation of the risks related to money laundering and financing of terrorism started in 2015. It has been carried out basing on the World Bank methodology.

Draft amendments to the national legislation aligning it to the EU Directive 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing have been scheduled to be submitted by NAC to the Parliament by June 2016.

The system of control of public officials' wealth and interests continued to be implemented in 2014 - 2015. Bearing in mind the experience acquired in the implementation of the system and pursuing the goal of making the system more efficient, in February 2016 draft Law on National Integrity Centre (National Integrity Centre should become the successor of National Integrity Commission) and draft Law on declaration of wealth and interests (extends the circle of subjects and objects of the declaration of wealth and interests) were approved by the Parliament in the first reading.

The Concept of automated information system for on-line submission of the declarations of wealth and interests was developed in 2015.

2.2 Foreign and security policy

Promoting cooperation and participation in the ***Common Security and Defence Policy (CSDP)*** of the EU remains a priority for Moldova. In order to provide our input to the joint efforts in the framework of the EUMAM Mission in the Central African Republic, a military expert from the Ministry of Defence has taken up his position of "liaison officer" starting from June 2015 and in January 2016, his mandate was extended for 6 months.

An important achievement was the adoption of the Law on Moldova's participation in international missions and operations (approved by the Parliament in December 2015 and entered into force in February 2016). The new law has strengthened the legal framework in the field, providing for detailed rules for the future postings in crisis management missions and for capacity building of relevant national institutions.

During 2015, Moldova aligned with most of the EU common positions covering foreign and security policy. In order to adjust the legislative framework in this field by creating a mechanism aimed at ensuring promptitude in taking decisions on alignment, a Law on international restrictive measures was adopted on 4.03.2016.

As a follow up to the signing of the Framework agreement regarding Moldova's participation to the EU crisis management missions, internal procedures were launched aimed at preparing for the negotiations on signing the Moldova-EU Agreement on security procedures for the exchange of classified information. The key priority in 2016 is to complete negotiations and to sign the Agreement. The provisions of this agreement shall enable an exchange of classified information/documents in electronic format between EU and Moldova (except documents marked as "top secret").

In order to comply with the Agreement's provisions relating to **arms control**, the Regulation on the regime of weapons and ammunition intended for civil use was adopted and the Moldovan Parliament ratified the Arms Trade Treaty. Meanwhile, a priority for 2016 will be to develop the legislative/regulatory framework necessary for the establishment and operation of an effective export control system on national level that will be able to monitor both exports and transit of goods related to weapons of mass destruction and will provide effective sanctions for breaches of the exports regime.

On 30.03.15, Moldova has gained access to the i-ARMS INTERPOL database (INTERPOL Illicit Arms Records and tracing Management System) that offered the possibility to exchange data on arms trafficking by monitoring the circuit of weapons, both legal and illegal, and created prerequisites in finding weapons used in crimes on the territory of other states.

The draft of the law on preventing and combating **terrorism** is currently under examination by national authorities. With the view to ensure security on the national level, the Government has approved the law on foreign intelligence and counterintelligence activities.

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

Last year, international cooperation has been further enhanced. The MoD representatives have participated to the training course on "International Investigation dual use" - event organized by the US Department of Defense on the margins of international non-proliferation Programme. With a view to exchange experience, streamline joint efforts to combat terrorism, dissemination of best practices and training of employees, national institutions have launched collaboration with competent authorities from Canada, Qatar, Russian Federation.

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

A feasibility study on the need for alignment of national legislation Agreement on Privileges and Immunities of the International Criminal Court has been developed.

During 2015-2016, the General Prosecutor Office had received two requests from the ICC for delivering information on criminal cases involving Moldovan citizens or other persons with Moldovan jurisdiction committed on the territory of Georgia and the Central African Republic, which may constitute crimes falling under art.5 of the Rome Statute of the ICC (e.g. crimes of genocide, against humanity, war crimes, crimes of aggression). No cases of investigation was registered regarding the subject of the request.

During the first months of 2016, the General Prosecutor Office has received 12 applications for international legal assistance in cases of: organized crime – 1, money laundering – 5, illegal migration – 1, cyber crimes – 4, terrorism – 1, which are currently under examination.

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

In the reference period, one informal meeting in the "5+2" format, 2 meetings between Prime Minister of Moldova and the Transnistrian leader, 15 meetings of political representatives from Chisinau and Tiraspol, 30 meetings of the working groups on confidence building measures and 67 working sessions of the Joint Control Commission took place.

Close cooperation with key international partners has continued. Since March 2015, 208 meetings of the Deputy Prime Minister for Reintegration and the chief of the Reintegration Bureau were organized with the participation of international partners representatives. Out of the 208 meetings, 20 sessions were focused on joint activities with the OSCE Mission (including preparations for organizing a visit in the "3+2" format (mediators and observers), relaunching of the official meetings in the "5+2" format and promotion and protection of human rights in the Transnistrian region.

The Confidence Building Measures Program (is being successfully implemented in order to build confidence through joint initiatives, involving local administration, civil society organizations and other relevant stakeholders from Chisinau and Tiraspol.

As of 1st of January 2016, following an Association Council Decision the DCFTA is applicable to the entire territory of the RM. During 2015 were issued 2054 certificates of origin EUR.1 EU to economic agents from the Transnistrian region on export to EU countries using the Preferences Autonomous trade.

With a view to make the crossing of Moldova's and Ukraine common border easier and faster, on 4.11.2015, on the margins of EUBAM Advisory Board meeting, two new agreements on border cooperation were signed. The first agreement provides for a joint control at the border crossing point Pervomaisc - Kuciurgan and allows transport of excisable goods and non-excisable for import, export and transit through the region. As a long term goal, this agreement should contribute to the opening of international transport corridors through Transnistrian region.

Moldova agreed for the extension of the EUBAM's mandate for 24 months.

2.3 Cooperation on justice, freedom and security

Protection of personal data

The registration of personal data controllers and personal data filing systems showed an upward trend, 107 personal data controllers and 274 personal data filing systems being registered in 2014 and 397 personal data controllers and 715 personal data filing systems – in 2015.

In order to increase public awareness on personal data protection issues the Center published 133 articles and press communiqués in 2014 and 107 articles and press communiqués in 2015. In the same vein, 38 information seminars were organized in 2014 and 89 in 2015.

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

Due to 2015 budgetary constraints, it was not possible to expand the maximum number of the Center's personnel. MD authorities would return to this issue in the context of drafting of the new Law on National Center for Personal Data Protection, initiated by the Centre in February 2016.

Cooperation on migration

MD – EU readmission agreement has been applied smoothly. Protocols on its implementation were signed with Greece (March 2014), Slovenia (November 2014) and Italy (May 2015).

In 2014 MD received 46 readmission requests and submitted 5 readmission requests. During 11 months of 2015 MD received 51 readmission requests and submitted 4 readmission requests.

Throughout 2015, improvements have been made on infrastructure, whereas regional departments (Cahul and Balti) to combat illegal immigration were provided equipment and the Cahul integration Center for foreigners has been renovated.

In June 2015, new graphics stations responsible for foreigners' documentation were installed in the one-stop-shop placed in Chişinău. Similarly, new stations have been placed in July, respectively in Balti, Cahul and Comrat aimed at optimising the procedure of collecting data from applicants for identity documents and updating the state register of the population.

In November 2015, an assessment of technical conditions for the Balti Integration Centre has been made and further reconstruction measures will be taken in shortly.

Extended migration profile for the period 2008 – 2013 was published in December 2014. The Analytical report of the Extended Migration Profile of the Republic of Moldova for the years 2009-2014 has been published and can also be accessed online.

Since 28 April 2014 until 29 February 2016 538 279 MD citizens, holders of biometric passports, enjoyed visa free short-term travels to the Schengen area states. They entered Schengen area states for 1 253 510 times. According to Frontex data, since 1 May 2014 until 31 December 2015 there were identified 5 933 cases of illegal stay and were issued 3044 refusals of entry. According to MD authorities data of 29 February 2016: 1 437 975 MD citizens are holders of biometric passports (769 600 biometric passports were issued since 28 April 2014), out of which 94 506 MD citizens are residents of the Transnistrian region of the MD (47 942 biometric passports issued since 28 April 2014).

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

Cooperation on asylum

Draft amendments to *Law No. 270-XVI of 18.12.2008 on Asylum* in Moldova to the EU legislation and best European practices on asylum have been approved by the Government.

Starting from April 2015, a total of 139 judges, prosecutors, lawyers and other Bureau for Migration and Asylum officers were training on the (i) protection of the rights and freedoms of immigrants and preventing and combating hate crime, (ii) national mechanisms for the protection of asylum seekers and the standards applied by European Court of Human Rights, (iii) protection of asylum seekers and refugees under the Geneva Convention of 1951.

Concurrently, a *Government Decision on the amount of monetary aid to refugees and beneficiaries of humanitarian protection for 2015* has been approved.

The inter-institutional agreement for an effective implementation of legal framework for integration of foreigners has been sent for final review to the national institutions and will be approved by the end of March 2016.

Issuing of the travel documents for foreigners started in February, 2016. 10 identity documents have already been released.

Border Management

The National Strategy on integrated management of the state border for 2015 – 2017 and the Action plan for its implementation were approved in December 2014. Out of 40 actions scheduled for 2015 28 (70%) were fully implemented, 10 (25%) were partially implemented and 2 (5%) were not implemented.

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

In 2014, 4 fixed monitoring complexes were constructed with the assistance from the USA (Criva, Giurgiulești, Palanca, Tudora). In October 2015 their functionality was checked and assessed positively.

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

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

A Feasibility study on improvement of the border control infrastructure was developed in 2014. As a result, a list of the equipment necessary for the second line control and for the control of the vehicles with the view of detecting hidden persons at all the border crossing points was compiled. A part of the above mentioned equipment was procured in December 2014 and May 2015.

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

By 2014 nearly 40% of border crossing points were equipped with the video surveillance system for the control premises. In 2015, 12 more video surveillance systems were installed. By February 2016, nearly 70% of border crossing points were equipped with video surveillance systems. At the same time, single mechanism for inspections and assessments, without disturbance and interference in the activity of employees, was developed. During 2014, 896 border police officers attended one week anticorruption courses. In 2015, 340 border police officers took part in 6 specialised anticorruption training courses organised for the personnel of the Ministry of Internal Affairs. 30 more border police officers were trained on deontology code of a border police officer.

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

In November 2015, MD and UA signed the Agreement on the organization of exchange of information on persons and vehicles, which cross the MD – UA border.

MD and UA continued to implement the pilot project on the joint operation of the border crossing point "Briceni – Rossoșani" (UA territory).

The implementation of the project on construction of the jointly operated MD – UA border crossing point "Palanca" (MD territory), co-financed via EaP IBM FI, started in December 2014 and is ongoing.

In June MD and UA agreed to jointly operate border crossing point "Giurgiulești – Reni" (UA territory).

In November 2015, MD and UA agreed to jointly operate "Pervomaisc – Cuciurgan" border crossing point (UA territory) starting with November 2016 at the latest.

In order to facilitate joint operation of the border crossing points "Giurgiulești – Reni" and "Pervomaisc – Cuciurgan" and automatic exchange of information, including personal data, MD and UA submitted at the

end of 2015 3 pilot project proposals in the framework of the EaP IBM FI. EU positively assessed the project proposals and ordered a pre-feasibility study, which was finalised in February 2016.

During 2015, MD and UA patrolled jointly the MD – UA border for nearly 900 times.

In December 2014, MD and Frontex agreed on a cooperation plan for 2015 – 2017. Actions planned for 2015 were implemented.

Police reform, crime prevention and combating organized crime

In April 2015 an Advisory Council for promoting reform of the Ministry of Internal Affairs (MIA), consisting of representatives of MIA, civil society, EU and US was established.

Under the auspices of the Advisory Council a functional analysis of the MIA took place. In December 2015 MIA approved the Road map on implementation of recommendations of the functional analysis.

Police Reform Strategy for 2016 - 2020 was drafted. It is build around 5 objectives: 1) increasing responsibility, efficiency, transparency and professionalism of police, 2) applying human rights based approach to policing, 3) increasing the capacities of police for fighting organised and transnational crime, 4) creating a modern police, capable to react proactively and impartially to the citizens needs, 5) implementation of zero tolerance approach to corruption, discrimination and misbehavior in police activity. It is envisaged that the EU will support the implementation of the Strategy with about 57 million euro for 2017 - 2020, out of which 51 million euro as direct budget support.

The level of public trust in police was 31% in 2015.

Police reaction time was reduced from 47 to 30 minutes in 2014 and it is planned to be further reduced to 15 minutes by 2018.

In 2015, 130 MIA representatives took part in trainings on exchange of information about crimes.

During 2015, 1229 MIA representatives attended 23 specialised anticorruption trainings.

The Concept of Training Centre for law enforcement agencies of MIA was developed in 2015.

In 2015 MIA participated to the EUBAM led joint operations OLVIA and DANUBIUS at the MD - UA state border dedicated to fight against illegal migration, trafficking in arms and drugs, cigarette and alcohol smuggling. MIA took part in OLAF led joint demonstration exercise at the Romanian eastern border on fighting cigarette and tobacco smuggling.

The Agreement on Operational and Strategic Cooperation with Europol was signed in December 2014 and entered into force in July 2015. In May 2015 MD and Europol signed a Road map on the implementation of the Agreement.

In July 2015 entered into force the Memorandum of Understanding on Confidentiality and Information Assurance of May 2015.

Since April 2015 SIENA information exchange channel with Europol has been operational. Moldova was accepted as member of 14 Europol Focal Points and initiated procedures for accession to all the others.

In 2015 were received and examined 1290 requests from Europol on different types of crimes, including theft, illegal migration, trafficking in human beings, trafficking in drugs, fraud, cybercrime, terrorism.

With the Europol assistance in June 2015 there were organised 2 operations "Hit 2-BLUE AMBER" on trafficking in vehicles and "BLUE AMBER-SIROCCO" on trafficking in human beings and illegal migration". In

the same vein, in 2015 Moldova participated in Europol, French and Dutch led operation "VELO 94" on bicycles thefts.

Tackling illicit drugs

Members of the National Anti-drug Commission continued the implementation of the action plan on anti-drug policies for 2014-2016, focusing on ameliorating national capabilities in countering drug trafficking, preventing drug abuse and providing treatment for drug dependent persons.

During the period 19-21.05.2015 a delegation of the International Narcotics Control Board (INCB) conducted an evaluation visit to the Republic of Moldova, which aimed to review the drug control situation in Moldova and the Government's compliance with 3 international drug control conventions to which Moldova is a party. The last INCB evaluation mission took place in 1996.

The competent authorities of the Republic of Moldova continued deepening cooperation and conducting exchange of information with the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), United Nations Office on Drugs and Crime (UNODC) and Pompidou Group of the CoE. As a result of this cooperation the list of controlled drugs, psychotropic substances and their precursors was supplemented by 26 new substances. With the support of EMCDDA, Moldovan experts participated at various international events, related to the monitoring mechanism of drug consumption, treatment programs, risk reduction and social reintegration of drug addicted persons.

In the course of 2015, 4 211 drug addicted persons were involved in treatment and prevention programs. 351 persons benefited from ambulatory medical care. The competent authorities organised a series of informational and educational activities, including 36 TV reports, aimed at tackling the risks and consequences of the consumption and illegal traffic of drugs.

Legal cooperation

In December 2015, the Parliament accepted the 1951 Statute of the Hague Conference on Private International Law. The Ministry of Justice was appointed as national contact point in this respect.

The Agreement on cooperation with Eurojust was signed in July 2014 and ratified by the MD Parliament in May 2015. In December 2015, an Eurojust evaluation visit to MD took place. It was agreed with Eurojust that the Office of the Prosecutor General will draft a few amendments to internal regulations on personal data protection in order to make possible future efficient implementation of the Agreement and will consult them with Eurojust. After the approval of consulted internal regulations by the Office of the Prosecutor General Eurojust will notify the Moldovan authorities on the finalization of its internal procedures for entering into force of the Agreement.

Moldova continued to participate in 2 joint investigation teams: 1 with Bulgaria, Lithuania and Romania and 1 with Romania and United Kingdom established under Eurojust auspices.

2.4 Economic Cooperation

The Republic of Moldova continued to work towards establishing a fully functioning market economy and gradually bringing its policies in line with the EU ones, despite the local and external challenges. The main risks came from the deterioration of the economic climate in Ukraine, Russia and Belarus that attracts over one third of all exports from Moldova, as well as the export restrictions applied by the Russian Federation on Moldovan wine and certain agricultural products. The banking crisis and the summer drought of 2015 had an additional negative impact.

Besides that, the deterioration of economic climate in Russia, as well as the regional instability determined a considerable decrease of remittances from the citizens working abroad which had a negative impact on the disposable income of the population and on aggregate demand. The above mentioned factors, in turn, led to the reduction of production volumes of goods and services. The decrease of the foreign currency inflows due to shrinking exports and remittances along with the economical and political instability determined the depreciation of the national currency and, consequently, resulted in an increase of inflation. The National Bank increased the base rate to fight inflation, so the interest rates on loans increased as well. The Gross domestic product (GDP) grew insignificantly. GDP in January-September 2015 amounted 88.8 billion. MDL, increasing versus the same period of 2014 by 0.5%. Consumer prices have accelerated sharply during 2015. The annual inflation rate increased from 4.7% in January 2015 to 13.6 % in December. In February 2016 the inflation rate decelerated to 10.3%.

Public revenues have increased. In 2015 the national public budget revenues have been accrued in the amount of about 43.7 billion. MDL, increasing by 2.9% compared to 2014.

State debt has increased significantly. The total amount of debt (internal and external), administered by the Government on January 31, 2016 was about 34.9 billion. MDL, increasing by 15.9% compared to the same date of 2015.

The industrial sector recorded a slight increase. Industrial output in 2015 increased by 0.6% (in comparable prices) compared to 2014, including manufacturing production by 2.3%.

Investments decreased significantly. In 2015 the volume of investments in long-term tangible assets totaled about 20.8 billion. MDL, a decrease of 8.8% (in comparable prices) compared to 2014. Currently, the Government is concluding negotiations with a group of major foreign companies on the execution of their industrial investment projects in Moldova. The total volume of investments foresees around EUR 80 mln. aimed to create some 6 000 new jobs.

*The draft Law amending and supplementing certain acts, which include the Law on the National Bank of Moldova (NBM), the Law on the National Commission of Financial Market (NCFM), has been approved by Parliament in the first reading on 25.02.2016. The draft law aims, *inter alia*, to strengthen the independence of the NBM, by exempting the normative acts of the NBM and of the NCFM from any *ex ante* revision performed prior to their adoption by any public authority, as well as by providing legal protection of the NBM and NCFM' employees. At the same time, the draft law provides that NBM establishes a Central Securities Depository and holds a share of up to 100% or equal to 100% in the capital of this entity.*

For implementing the Basel II/III requirements, a smooth implementation of an EU Twinning project on "Strengthening the capacity of NBM in the field of banking regulation and supervision" has been ensured. Similarly applies to the Twinning project on the "Development and consolidation of the NCFM's operational and institutional capacities in the field of prudential regulation and supervision" that was launched in 2015.

Company law, accounting and auditing and corporate governance

In line with the Association Agreement provisions, important reforms were undertaken in regard to company law, corporate governance, as well as law on accounting and auditing, namely by approving the *amendments made to Law on Joint Stock Companies* (Law No.106 dated 28.05.2015), which transposed the provisions of the EU Directives to safeguard measures imposed to companies.

During 2015, all 16 normative acts for implementing the Capital Market Law came into force, including 7 acts on securities and 9 acts on undertakings for collective investment in transferable securities. Moreover, some 14 acts are expected to pass the approval procedure.

Considerable joint efforts between the NBM and NCFM to apply the newly Corporate Governance Code have been undertaken, including on creating the regulatory framework of activities in financial services, which has been approved by Government on 15.07.2015 (Decision No. 433).

In the area of state registration of legal entities, the *draft Law No.790 dated 28.10.2015 supplementing the Law No. 220-XVI of 19.10.2007* has been approved, as well as the legislative initiative on introducing the moratorium on conducting spot checks and searches for the enterprises.

Amendments to Law No.235-XVI dated 20.07.2006 on the basic principles of regulation of entrepreneurial activity were drafted for streamlining the process and extending its provisions to all initiatives with an impact on business.

Employment, social policies and equal opportunities

In line with the AA provisions, important reforms were undertaken regarding social policies, *e.g.* the adoption on 19.02.2016 of the draft *Law amending and supplementing the Labour Code* by Parliament in the first reading, transposing the EU Directives 91/533/EC 1999/70/EC; the adoption of Government Decision No.61 dated 06.03.2015 on indexation of social insurance and state social benefits.

So far, the Republic of Moldova has concluded bilateral agreements on social security with 11 EU Member States, namely: Bulgaria, Portugal, Romania, Luxembourg, Austria, Estonia, the Czech Republic, Belgium, Poland, Hungary and Lithuania. Currently, the Republic of Moldova is in the process of negotiations with Turkey, Israel, and Latvia, the countries of destination for the Moldovan migrants.

Since the beginning of 2016 two meetings of the Tripartite Working Group were organised, being created under the Ministry of Labour, Social Protection and Family, within which consultations and negotiations on a new set of proposals to amend the Labour Code submitted by social partners were held.

Two meetings of the tripartite commission with the participation of the Ministry of Rural Development and Constructions, trade unions and federation of employers' „CONDRU-MAT” were organised in construction field, aimed to improve the Amendments made to Collective Agreement, the draft Code of Urbanism and Construction, as well as issues related to setting tariffs for building installation.

The *evaluation study on the implementation of the National Strategy on employment policies for 2007-2015* was finalised, and a *first draft of the New Strategy on employment policies* is planned to be provided by this April.

It is worth mentioning the development of the existent mechanism on incentives applied by employers when hiring people with disabilities and the yearly monitoring reports on the degree of implementation of the National Programme on ensuring gender equality for 2010-2015.

Consumer protection

For strengthening the administrative capacity of the Agency for Consumer Protection, *the Strategic Development Plan for the years 2015-2017* has been approved. Additionally, three mechanisms for analysing the risk management control for industrial products and related services have been developed and a multi-annual plan for the procurement of laboratory equipment to test materials has been drafted.

The progress on legal approximation envisaged the adoption of several laws transposing EU Directives, related to Directive 2001/95/EC on general product safety (Law No.231/2015), Directive 90/314/EEC on package travel, package holidays and package tours (Law No.6/2016); Decision 2006/502/EC requiring Member States to take measures to ensure that only lighters which are child-resistant are placed on the market and to prohibit the placing on the market of novelty lighters (Government decision 37/2014). Notably, most of the acts listed in Annex IV have been fully or partly transposed into national law, in most cases ahead of the Association Agreement calendar.

Statistics

Following the Population and Housing Census conducted during 12-25 May 2014, increased measures have been taken for disseminating the final results by December 2016.

In order to improve statistical estimates on migration, the data provided by the Border Police will be used for developing migration statistics followed up by studying the information which is contained in the register held by the Border Police.

The *draft law on Official Statistics* has been elaborated and is currently under public debate.

Administrative data sources are being used to create and update the statistical Register, in particular the State Register of Legal Entities and the Register of non-commercial units.

Starting with 2015, the implementation of Statistical Classification of products (goods and services), CSPM Rev.2 (harmonised CPA 2008) has been ensured.

Since 2016, National Bureau of Statistics is updating the Statistical register based on Tax Registry, which contains information on local units and individual entrepreneurs

For the implementation of the National Accounts-2008 System, the *UN methodology compatible with the European System of Accounts - 2010* (SNA, UN-2008 / SEA-2010) has been elaborated:

- Experimental calculations (in current and comparable and institutional sectors) on Financial Intermediation Services Indirectly Measured developed in accordance with the methodology SNA-2008/SEA-2010 for 2010-2013;
- Informational base for the work treatment on weapons, research and development, production of NBM in accordance with the SNA, UN-2008 / SEA-2010 methodology.

Public administration reform and management of public finances

Public Administration Reform is the key sector for the proper functioning and implementation of the entire commitment's package provided in the Association Agreement. However, the level of fulfilment of the commitments in the given area during the reporting period was modest, the major deficit being recorded in the Sector strategy reform. The work on this document, as well as on the set of regulations and methodologies (the Government Rules of Procedure and methodologies related to public services) was largely affected by political changes in the country.

Some progress has been registered given the support provided by the Twinning project on the „Support for the public service modernisation in Moldova in line with best practices of the European Union” launched on 14.04.2015. In this framework 4 study trips were organised for the specialists working in this field aiming at exchanging the best practices in management of public services and management of human resources.

Among the most important achievements are:

- Implementation of an effective strategic planning (for 3 years) and an operational planning (for 1 year) within the public authorities;
- Implementation of sectorial E-services (*e.g.* E-visa, E-invoice, active access to land and property register);
- Conduction of an analytical study on public services in the country (external evaluation) by the European institutions (SIGMA)³;
- Implementation of the National Decentralization Strategy 2012-2015' Action Plan;

³ The report can be accessed at: <http://www.slideshare.net/SIGMA2013/sigma-comparative-study-civil-service-professionalisation-in-the-european-eastern-neighbourhoodfinal-report25112014>

- Development of decentralization strategies and the creation of working groups within particular ministries, e.g. Finance; Economy; Education; Health; Labour, Social Protection and Family; Culture; Environment; Internal Affairs; Agriculture and Food; Construction and Regional Development;
- The implementation of the PFM Strategy for 2013-2020;
- Elaboration of the *draft Law on the Court of Auditors* and its promotion in February 2016 for approval;
- Since January 2015, the Court of Auditors is a member of INTOSAI Working Group on the fight against corruption and money laundering.

For strengthening the management of public finances, two collaboration agreements were signed, in particular between (i) the Internal Protection and Anti-corruption Service of the Ministry of Interior and the Department of Information and Internal Protection of the Romanian Ministry of Interior (on 8.05.2015), and (ii) the National Anticorruption Center and OLAF.

Taxation

Fiscal policy objectives for 2015 have been implemented through the Law No.71 dated 12.04.2015 regarding the amendment of some legislative acts related to fiscal, customs and budgetary policy for 2015 and the improvement of the fiscal, customs and budgetary legislation. The purpose of this law is to ensure fairness, stability and fiscal transparency, to streamline the tax burden, to simplify tax administration, facilitation of legitimate trade and improve tax systems.

Since May 2015, further legislative actions aimed the excise tax share applied to filter cigarettes (Law No.71 dated 12.04.2015 on amending and supplementing certain legislative acts), particularly regarding tax, customs and budget policies for 2015 and improving tax, customs and fiscal laws. Thus, excise tax has been changed from "75 MDL/1,000 cigarettes + 24%" to "200 MDL/1,000 cigarettes + 18%".

The bilateral cooperation for ensuring the transparency and exchange of information between tax authorities is based on the principles of Organisation for Economic Cooperation and Development on mutual administrative assistance and under bilateral treaties for double taxation avoidance. At this stage, Moldova has signed agreements to avoid double taxation involving the exchange of information with 25 of the 28 EU Member States⁴. In addition, an Agreement on mutual administrative assistance for the exchange of tax information was signed with the Tax Administration from Lithuania in 2015.

The planning of fiscal controls, since 2004, is being made based on perceived risks:

- Methodology for estimating the tax gap (approved on 04.12.2014);
- Methodological norms on determination and classification of risk tax compliance (approved on 11.02.2015);
- Methodological indications regarding the tax visits (approved on 24.02.2015);
- Regulation on drawing files on the checks carried out by the Fiscal Service and remission procedure to the prosecutor or prosecuting body (approved on 14.05.2015);
- Regulation on the functioning of tax posts (18.05.2015).

Additionally, the compliance risk analysis was initiated for streamlining tax administration by providing tax planning controls and promoting voluntary tax compliance of taxpayers based on risk analysis. It was approved the technical service and operational web page for the exchange of information with the Customs Service of Moldova.

Last but not least, an action plan aimed for strengthening the fight against tax fraud and evasion has been drafted.

Financial services

In 2014 a Memorandum of Understanding between the National Bank of Moldova and the Federal Financial Supervisory Authority of Germany on cooperation in banking supervision was concluded.

⁴ No Bilateral Agreements have been signed so far with Denmark, France and Sweden.

At the end of 2015 and beginning of 2016 two cooperation agreements were concluded between the National Bank of Moldova and the Financial and Capital Market Commission from Latvia aimed at covering information exchange in the field of banking supervision and combating of money laundering and terrorist financing. As a result, data exchange between these institutions was established. Concurrently, the NCFM has signed a Memorandum of Understanding on cooperation and exchange of information with the State Committee for Securities of Azerbaijan and is in the process of finalising the memorandum of cooperation with the State Commission securities and Stock Exchange of Ukraine.

During 2014-2015, 16 secondary legislative documents under the Capital Market Law entered into force, including 7 acts related to Securities and 9 acts aimed undertakings for collective investment in transferable securities, including:

- **Regulation** on services and investment activities (NCFM Decision No.49/3 of 26.08.2015);
- **Regulation** on regulated markets and multilateral trading facilities (NCFM Decision No.49/2 of 26.08.2015);
- **Instruction** on reporting by the licensed and authorized persons on the capital market (NCFM Decision No.38/5 of 03.07.2015);
- **Regulation** on licensing and authorisation on the capital market (Decision No.56/11 of 14.11.2014);
- **Regulation** on the Investor Compensation Fund (NCFM Decision No. 32/2 of 16.06.2014);
- **Regulation** on establishment and functioning of undertakings for collective investments in transferable securities (NCFM Decision No.49/14 of 09.10.2014);
- **Regulation** on transparency and publicity of UCITS and SAFI (NCFM Decision No.62/20 of 12.20.2014);
- **Regulation** on prudential regulations for SAFI (NCFM Decision No.62/21 of 20.12.2014);
- **Regulation** on the limits and type of instruments in which UCITS may invest (NCFM Decision No.5/15 of 31.01.2015).

In addition, about 14 secondary legislative acts are to be finalised and sent for approval.

In order to transpose the commitments under Annex XXVIII-A (Rules applicable to financial services), the following draft laws were submitted in March 2016 to Government for approval :

- *Law on settlement finality in payment and financial instruments settlement systems* (transposes Directive 98/26/EC on settlement finality in payment and securities settlement systems);
- *Law on financial collateral arrangements* (transposes Directive 2002/47/EC on financial collateral arrangements);
- *Law on amending and supplementing certain normative acts*, developed to bring the legislation in force in line with new laws developed in order to transpose the above mentioned EU acts.

In addition, the draft law amending the Law No.190/2007 on preventing and combating money laundering and terrorist financing has been elaborated.⁵

The main achievements in the field are as follows:

- *The draft law on amending and supplementing the Law No.414-XVI dated 22.12.2006 on compulsory motor liability insurance for damage caused by motor vehicles* was adopted on 29.12.. The Law entered into force on 05.02.2016 , excepting provisions of art. I, para 5 and 26 regarding art. 40 para 5;
- *The Law no.147 amending and supplementing certain acts*, which introduced amendments to the Law on the National Bank of Moldova and other laws, have been adopted by Parliament on 30.07.2015. These amendments are aimed at adjusting the legislative activity of the NBM in line with Protocol No.4 on the Statute of the European System of Central Banks and of the European Central Bank and other Community rules.
- *The Law No.106 dated 28.05.2015 amending and supplementing the Law No.1134-XIII of 2.04.1997 on joint stock companies*, which contains provisions to ensure the effective protection of investors and other consumers was adopted;
- *The decision of the NCFM to approve the regulation regarding the bonus-malus system application of the compulsory civil liability of vehicles* was adopted;

⁵ The existing legislative framework corresponds to a rate of about 90% EU Directives 2005/60/EC and 2007/70/EC.

- *Practical Guide for the detection of frauds, abuses and manipulation on the financial market* was approved. NCPF ensures the implementation of its provisions;
- *The Law No. 202 dated 20.11.2015* (in force as of 11.12.2015) has amended the Law on financial institutions. The new amendments cancelled the prohibition for the owner of a holding in the bank's share capital to contribute in the form of bank's shares to the capital of commercial companies. Thus, according to the new amendments this operation is allowed with a prior permission of the NBM;
- The *Regulation on mergers and absorptions of banks* was amended by the end of 2015, in order to adjust the notion of dominant position (from 30% to 35%) as to represent the current situation on the market after the number of banks has been reduced from 14 to 11 due to withdrawal of licenses from 3 banks;
- The *Regulation on liquidity* has been amended in order to ensure a prudent management of assets and liabilities with different maturities, and therefore to prevent the risk of excessive liquidity in the banking sector. The new amendments complete the existing requirements with the liquidity maturity band, using the following maturity bands: up to 1 month; 1-3 months; 3-6 months; 6-12 months and over 12 months. New requirements will be effective starting with the end of June 2016;
- NCFM Decision (no. 67/10 of 24.12.2015) approved the Corporate Governance Code;
- *A draft law amending and supplementing certain acts, including the Law on the National Bank of Moldova, the Law on the National Commission of Financial Market*, was approved by Parliament on 25.02.2016 in the first reading. The aforementioned amendments envisage the creation and operation of a *Single Central Securities Depository (CSD)*, exempt the normative acts of the NBM and of the NCFM from any ex-ante revision performed prior to their adoption by any public authority, as well as include provisions for the legal protection of the employees of the NBM and the NCFM.

Currently, the national risk assessment is being conducted in the field of money laundering and terrorist financing following international standards (FATF Recommendation).

Industrial and enterprise policy

The need to increase the competitiveness of Moldova's economy is set up as one of the strategic objectives in the field.

In 2015 the Republic of Moldova participated for the second time in the "Small Business Act" (SBA) Assessment in Eastern Partnership region, in order to assess policies targeting SME development, to identify strengths and weaknesses in policy design and its implementation. As a result, *the draft Law on Small and medium enterprises (SMEs)* have been sent through to Government for approval. Meanwhile, in order to support the development and increase the competitiveness of SMEs, during 2009-2015, 9 business incubators were created and 2 more will be launched in 2016 (Cahul and Calarași).

In January 2015, the Moldovan Consortium – Moldovan Chamber of Commerce and Industry – Lead, Organisation for Small and Medium Enterprises Sector Development, Agency for Innovation and Technology Transfer and the Moldovan Community Association for the Technology Transfer Network – applied for a project (entitled Enterprise European Network "Business-INN-Moldova") under COSME EU Programme. This grant is expected to be signed in 2016 and foresees to (i) support potential business in terms of internationalisation, innovation and technology transfer by assisting SMEs to participate in national and European projects; (ii) support cross-national technology transfer to boost innovation process in local companies; (ii) organise brokerage events and trainings for management innovation, workshops, seminars, conferences, etc.

The new *Action plan 2015-2017 for the implementation of SME Sector Development Strategy 2012-2020* has been approved by Government Decision No.397 of 16.06.2015, and includes measures to be taken for promoting women's entrepreneurship.

Several programs of external assistance on facilitating access to capital markets have been negotiated and signed:

- The Financial Agreement for the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) 2015 – 2017 with a total budget of EUR 64 million;
- The Financing agreement with the International Development Association for implementing the „Competitive Agriculture“ project with a total budget of USD 12 million.

Agriculture and rural development

Aimed at developing and implementing the relevant legal framework along with respective policies, consequent actions have been taken:

- Following the adoption of the Agriculture and Rural Development National Strategy for 2014-2020, an action plan for its implementation has been approved through Government Decision No.742 dated 21.10.2015. The Strategy defines the priorities and activities, as well as the budget required for their effective implementation.
- Sectoral development policies were drafted, *e.g.* the sheep and goat productivity improvement Program for the years 2014-2020; the cattle breeding Program for the years 2014-2020; Horticulture Development Programme for the years 2016-2020; Conservation Agriculture Program for the years 2016-2020; Law on the principles of subsidising agricultural producers; Law on informing consumers about foods; Law on livestock; Government Decision on the approval of the quality and marketing of meat products; Government Decision on the approval requirements of the analytical methods and quality evaluation of milk and milk products.
- Modifications have been made to the *Government Decision on the minimum marketing requirements for seed potatoes and technical regulation "for maize and sorghum seed material"* (Government Decision No. 878 dated 22.12.2015) and to the *Law No.113 dated 18.05.2012 on the establishment of principles and requirements of food safety legislation for the establishment of the Rapid Alert System for Food and Feed (RASFF)*. The draft *Government Decision on measures implementing the RASFF* has been prepared and is following the public consultation procedure.
- On 15.02.2016, the *Plan to harmonise the agri-food 2016* has been approved, comprising a number of European regulations on agricultural policy and rural development (included in Title IV, chap. 12 of the Association Agreement).
- European regulations on quality and their control mechanisms were transposed into national legislation, whereas in terms of geographical indications *the technical regulation on wine market organisation* has been approved by Government Decision No.356 dated 11.06.2015.
- 6 draft legislative and normative acts have been prepared in line with European Directives mentioned in the AA Annex, *e.g.* protection of geographical indications; fresh fruit quality and marketing; raw-milk quality and dairy products; importation of hops from third countries; classification and labelling system for meat cattle.
- A series of 20 training courses and study visits have been organised in the reporting period on rural development policies, *i.e.* EU common agricultural policy functioning, EU farm advisory system on rural agriculture and rural development.

The state provided support for agriculture producers in view of increasing competitiveness of agricultural production and the diversification of economic activities in rural areas, with the main results, as follows:

- Perennial plantations – over 6700 ha;
- Vine plantations – over 3500 ha;
- Support of vegetables' production in protected areas – over 420 new/refurbished units, *e.g.* greenhouses, solariums, tunnels;
- Procurement of agricultural and irrigation equipment – over 4000 units;
- Renovation and modernisation of livestock farms – over 250 units;
- Development of post-harvest infrastructure – over 500 units, *e.g.* refrigerators, packing houses and processing equipment.

A new area of financial support has been applied as of 2015 on increasing the investment in physical infrastructure and services in rural areas with the aim to support the development of rural areas and diversification of economic activities. In result, 4 new businesses were created and 41 agricultural enterprises were developed.

Several programs of external assistance on facilitating access to capital markets have been negotiated and signed:

- The Financial Agreement for the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) 2015 – 2017 with a total budget of EUR 64 million;
- The "Fruit Garden" financed by the European Investment Bank with a total budget of EUR 120 million;
- Loan assistance extended by the Government of the Republic of Poland with a total budget of EUR 100 million;
- The „Competitive Agriculture" project with a total budget of USD 28,4 million for the period 2012 – 2017.

The Government continues the process of strengthening the capacity of the Paying Agency (AIPA) with a view to ensuring transparency, efficiency and predictability of disbursed state subsidies and international support, namely:

- An Internal Audit Service Payments has been created for ensuring the goals and effectiveness of financial management and control.
- A draft Government decision on modifying the Regulation on the organisation and functioning of the AIPA has been prepared providing for the establishment of a Supervisory Board. It aims at ensuring transparency of the decision making process for authorising payments and strengthening relations with civil society in the management of public funds.

Regional development

The elaboration of *the National Strategy of Regional Development 2016-2020* has been initiated in line with EU *acquis*, in particular on cohesion policy, convergence and subsidiary principle, aimed to constitute the legal framework to carry out effective regional development policy in the Republic of Moldova, including in regions with special status.

Further activities have been implemented on the development regional sectoral plans, *e.g.* energy efficiency, water supply and sanitation, local roads and regional solid waste management. Therewith, a portfolio of 90 concepts of investment projects in public assets is being drafted, amounting 110 mil EUR.

Aimed at promoting the economic, social and territorial cohesion, 162 mln MDL were allocated for a proper implementation of 24 investment projects in 3 regions from the National Fund for Regional Development sources, covering such sectors as:

- Road infrastructure – 101,3 mil MDL;
- Water supply and sanitation – 21,0 mil MDL;
- Improvement of environmental factors – 2,95 mil MDL;
- Tourist attractiveness – 11,0 mil MDL;
- Business support – 25,66 mil MDL.

Fisheries and maritime policy

Aimed at improving the fisheries sector and conserving the aquatic biological resources in the Prut river basin borders, the Ministry of Environment has established long-term cooperative relationship and a systematic data exchange with relevant Romanian institutions under the Agreement between the Government of Romania and the Republic of Moldova with regard to cooperation in the area of protection of fish resources and fishing regulations in the Prut river and Stanca-Costesti lake. Joint inspection and control measures on both sides of Prut river were taken in cooperation with the Romanian Agency for Fisheries and Aquaculture, namely:

- To oversee activities related to industrial fishing developed within 59 quotas (59 000 kg) awarded in 2014 and 41 quotas (41 000 kg) awarded in 2015 and to prevent the overrun (26 000 kg of captures were registered in 2014 and 18 000 kg in 2015 year;
- To ensure the compliance periods and zones during which fishing is being prohibited.

Following Minister of Environment Order's approval No.113 dated 25.11.2015, additional measures have

been taken in order to prohibit industrial/commercial fishing in natural water bodies for 2016 year.

Concurrently, two Joint Working Group meetings were held on 16-17.07 and 16.12.2015, stepping up efforts for developing legislative measures on the improvement of the protection of aquatic biological resources (e.g. Draft law amending and supplementing Law No.149-XVI of 8.06. 2006 on fisheries, fishing and fish farming and Draft law amending and supplementing the Law No.176 on domestic shipping of RM, the Criminal Code).

Energy

The Government continued to focus on integration with the EU energy market and to address the main challenges in the energy sector. A major achievement in the field represented the diversification of gas supply routes through the construction of the Ungheni-Iasi interconnector that was officially launched on 29.09.2014. This constituted the 1st interconnection phase of the Moldovan gas system with the EU (Romania), thus offering access to natural gas to 19 villages from Ungheni and 2 villages from Nisporeni. Concurrently, the necessary legal framework has been created along with the signature on 21.05.2015 of the Memorandum of Understanding between the Moldova and Romania on the achievement of projects necessary to the interconnection of the natural gas and electricity networks of the two states.

At the legislative level, to date 14 out of 43 EU acts included in the Association Agreement were transposed into the national legislation (e.g. eco-design, energy performance of buildings, energy labelling, promotion of cogeneration based on an useful heat demand).

Although not yet completed, considerable efforts have been made in fulfilling the commitments under the 'third energy package', namely through the adoption of draft *Laws on Natural Gas* (29.12.2015) and *on Electricity* (26.02.2016) in the first. Since January 2015, the distribution activities for electricity have been legally separated from supply activities. Similar legal provisions apply to natural gas as of January 2016, separating the distribution service from the supply and transportation activities carried out by "Moldovatrangaz" Ltd. Given the tariff policy applied by the National Agency for Energy Regulation, the normative losses are being included, thus reducing distribution and supply in electricity and natural gas.

Concurrently, a draft law on strategic reserves of oil products has been elaborated and is to be presented for public consultations.

A new Law on promotion of renewable energy sources was adopted by the Parliament in February 2016. It provides a market based promotion mechanism based on tenders and a feed-in tariff for small investments. These creates for RM the premises to meet the 2020 target on renewables – 17%.

Transport

Implementation of the new **Transport and Logistics Strategy** for the 2013-2022 years continued. Following the adoption in July 2014 of the *new Road Transport Code* that ensures a partial transposition of 6 Directives and 3 EU Regulations stipulated in the AA, secondary legislation has been approved by the Moldovan Government, namely (1) *the Regulation on conditions for installation, repair and verification of tachographs and speed limiters*, (2) *the Regulation on the issuance, replacement, change and renewal of the tachograph cards, as well as for downloading and storing data from the tachographs and tachograph cards* (on 24.02.2016), and (3) *the Regulation on the inland transport of dangerous goods* (Government Decision No.143 of 18.02.2016).

Concurrently, Moldova adhered to the *Convention on International Interests in Mobile Equipment* and its protocols adopted in Cape Town on 16.11.2001 (Law No.59 of 9.04.2015). On 3.06.2015, following the adoption of (i) the *Convention on road traffic opened for signature* at Vienna on 8.11.1968, (ii) the *European Agreement supplementing the Convention on road traffic* opened for signature at Vienna on 8.11.1968, and (iii) the *Protocol on Road Markings, additional to the European Agreement supplementing*

the Convention on Road Signs and Signals, the necessary legislative framework for harmonising traffic standards on public roads and road signs with those of the EU was ensured.

Regarding the transposition of the EU *acquis* in **civil aviation sector**, a package of national acts (Parliament laws, Government decisions, Ministry of Transport and Road Infrastructure and Civil Aviation Authority by-laws) that will transpose a list of 76 EU acts in the aviation field is being prepared to be submitted for Government approval. The analysis work has been done by the Ministry of Transport and Road Infrastructure, the Legal framework design and the Regulatory impact analysis should be completed by Ministry in cooperation with Civil Aviation Authority until end of March, while the submission for Government approval of the full package is scheduled for the end of April this year.

In the field of **maritime and inland waterways transport**, a series of reforms is planned for the years 2016 – 2017, that will permit the Republic of Moldova to exit the “black list” of the Paris Memorandum on Port State Control. In terms of institutional reforms, the establishment of a specialised competent authority (Waterborne Agency) that will perform the state flag control is envisaged. In terms of legislative reforms, a series of measures have been planned for strengthening the Moldova's capacity to respect and enforce flag State duties and allow Moldova to exit the “black list” of the Paris Memorandum on Port State Control by the end of 2018 year, namely:

- (1) Elaboration and approval of normative acts that will permit to properly exercise the Flag State duties;
- (2) Elaboration and approval of internal regulations of the Naval Agency concerning the examination of the gaps detected on the board of the vessels registered in Moldova`s State Registry of Ships;
- (3) Amending the procedure of ship registration in Moldova`s State Registry of Ships;
- (4) Elaboration and approval of normative acts that will govern the procedure of monitoring the activity of the recognized organization empowered with the examination of the technical condition of the Moldovan-flagged vessels.

The **railway transport sector** is in the process of a wide and comprehensive reform of the existing legal and organisational framework, including:

- (1) Drafting the law on creation of the Railway Agency;
- (2) Drafting the law on creation of the Agency for Accidents Investigation and Analysis in Transport, and
- (3) Drafting of a new Railway Transport Code.

Also, the necessity for rehabilitation of the railway infrastructure led to the elaboration of an investment plan for development of SE "Railway of Moldova" for the years 2014-2024, that has been approved on 11.07.2014. The proposed investment plan is based on the objectives that are found in Transport and Logistics Strategy for the years 2013 – 2022 and the urgent need for refurbishment, modernisation and acquisition of railway infrastructure and rolling stock to secure the continuous activity of the generating profit business segments.

In order to supply technical assistance for restructuring of the SE „The Railway of Moldova” and financing the projects of modernisation of the railway infrastructure, on 14.11.2014, was signed a Project Agreement between SE "Railway of Moldova" and the European Bank for Reconstruction and Development (EBRD) for the realisation of Moldovan Railways Restructuring Project and a Loan Agreement between Republic of Moldova and European Bank for Reconstruction and Development (EBRD) in the amount of EUR 52,500 000 signed at 14.11.2014 and ratified by Law No.120 dated 27.03.2015. The Loan Agreement is destined for the purchase of approximately 10 new locomotives, for the implementation of an energy management information system, staff rationalisation and rehabilitation of railway infrastructure.

Within the same Moldovan Railways Restructuring Project, a NIF Grant Agreement between Republic of Moldova and SE „The Railway of Moldova” and EBRD, in the amount of EUR 5,000 000 and a EMIS Grant Agreement between Republic of Moldova and SE „The Railway of Moldova” and EBRD in the amount of EUR 250,000 were signed at 10.11.2015 and are currently passing through internal procedures of ratification.

Environment

A comprehensive *Environmental Strategy for 2014-2023* was approved through Government Decision No.301 dated 04.04.2014, along with the *National Action Plan* for its implementation, thus developing for a strategic framework in various areas of environmental sector, namely by approving (i) *the National Waste Management Strategy by 2027*; (ii) *the Water Supply and Sanitation Strategy by 2028*; (iii) *the National Biodiversity Strategy for 2015-2020*; (iv) *the National Plan for expansion of forest vegetation areas (2014-2018)*. In addition, some normative acts have been drafted, in particular (i) *the Strategy of the atmospheric air protection*, (ii) *the Action Plan for the sustainable management of chemicals for 2016-2020*, (iii) *the National Plan for the implementation of the Stockholm Convention on Persistent Organic Pollutants*, and (iv) *Plans for River Basin Management and Prut River - Danube - Black Sea*.

Since January 2015, *Environmental Impact Assessment Law* commenced being implemented, thus transposing the Directive 2011/92/EU and the provisions of the **Espoo Convention**. The draft *law No. 214 accepting the Amendments I and II to the Espoo Convention* was adopted on 03.12.2015. *The draft Law on Strategic Environmental Assessment* (adjusted to Directives 2001/42/EC and 2003/35/EC) was elaborated and is subject to be sent for approval. In terms of implementing the provisions of Aarhus Convention and Directive 2003/4/EC, the *draft Law on access to environmental information* has been elaborated.

An assessment of the institutional framework in the field of **air quality** sector has been initiated and a study which will highlight the situation in this area will be elaborated. On 24.02.2016, the *Regulation on the sulfur content of certain liquid fuels* has been approved, thus harmonising the provisions of EU Directive 1999/32/EC.

The mechanism for implementing the **Water** Law was established by approving 22 normative acts necessary for adopting the provisions of Directive 2000/60/EC establishing a framework for Community action in the field of water. In addition, advisory bodies have been established for management and protection of water resources in the Dniester and Prut River Basins.

In terms of **waste management**, *the Law on waste* was adopted on 03.03.2016 by Parliament in first reading in accordance with EU Directive 2008/98/EC for promoting the principle of extended producer responsibility and consumer for waste collection and disposal. Meanwhile, secondary legislation has been developed and is to be promoted after the adoption in the second reading of the Law on waste, namely Regulations on (i) waste landfills; (ii) waste electrical and electronic equipment; (iii) packaging and packaging waste.

Concurrently, a draft law on **chemicals** was drafted and it is to be submitted for approval shortly.

Aimed at ensuring the implementation of the new environmental legislation and policy, a comprehensive analysis for strengthening the institutional framework has been initiated which will identify also the need for creating new structures (e.g. the Environment Agency, the chemicals Agency).

Climate Action

In the reporting period, Moldova participated in the preparation of the new Global Agreement on climate change. The Intended Nationally Determined Contribution (INDC) to reduce greenhouse gas emissions was prepared and presented to the Secretariat of the United Nations Framework Convention on Climate Change.

High-resolution scenarios were developed regarding the anticipated climate change in Moldova in the XXI century and the vulnerability of key sectors of the national economy to climate change was assessed. These studies have helped to develop a strategic framework on climate change, namely for:

- *The adoption of National Adaptation Strategy by 2020 and the approval of an Action Plan for its implementation* (Government Decision No. 1009 dated 10.12.2014);
- *The finalization of the draft sectoral Strategies on climate change adaptation in the public health and forestry sectors;*

- The development of strategic directions and measures of the Dniester basin adaptation to climate change.

After the adoption of the Intended Nationally Determined Contribution at COP 21 Paris, a draft *Low Emission Development Strategy (LEDS)* is being developed to be shortly presented for public consultations.

The draft *national Programme for gradual phase-out of Hydrochlorofluorocarbons for 2015-2040* will be presented to the Government for approval shortly.

During the reporting period, considerable efforts have been undertaken for initiating the transposition of the EU Directives 2003/87/EC and 98/70/EC and conducting a Study focused on Moldova's abilities to implement the EU system of emissions trading.

Information society

Aimed at strengthening the legal framework on data security and promoting the use of ICT instruments, in addition to major legislative achievements occurred in 2014 (e.g. Law No.91 dated 29.05.2014 on electronic signature and electronic document, Law No. 174 dated 25.07.2014 on the organisation and functioning of the single national emergency call number 112), further important actions have been taken, namely:

- The *National Programme on Cyber Security for years 2016-2020* has been approved by Government Decision No.811 dated 29.10.2015 containing implementing provision of the AA, Council of Europe Convention on Cybercrime, Cyber Security Strategy of the EU and International Telecommunication Union Recommendations concerning the cyber security of the electronic communication networks;
- A package of projects for creating legal and regulatory framework necessary for the establishment of the *Single National Emergency Call Service 112* has been approved on 03.03.2016, in particular on (i) establishing the Public Institution "Single National Emergency Call Service 112" (Government Decision No. 243); (ii) approving the National Programme for the implementation of the 112 Service (Government Decision No. 241); (iii) organising and functioning of Interdepartmental Coordinating Committee for ensuring the interaction between the 112 Single National Emergency Call Service and specialised emergency services (Government Decision No. 242); (iv) on approving the Technical Concept of Automated Information System of the 112 Single National Emergency Call Service (Government Decision No. 244);;
- *The draft law on access to properties and shared use of associated infrastructure of public electronic communications networks* has been approved by Government Decision No.692 dated 08.10.2015 and adopted on 11.03.2016 by Parliament in final reading, thus adjusting the legal framework in accordance with the provisions of Directive 2002/21/EC, as amended by Directive 2009/140/EC, and provisions of Directive 2002/77/EC. It comes to develop public electronic communications networks at national level, increase investments in infrastructure and competition between providers of electronic communications;
- *Draft Law on postal communications* has been approved by Government Decision No.691 dated 8.10.2015 and adopted by Parliament on 29.12.2015 in first reading. It provides the transposition of EU Directive 97/67/EC and is focused on promoting universal postal service, postal market liberalization, development, quality, diversity and access to postal services;
- *The draft law amending and supplementing the Moldovan Broadcasting Code* was adopted by Parliament on 31.07.2015 with the need to provide the necessary legal framework for issuing broadcasting licenses and retransmission authorizations for the use of digital terrestrial television multiplex capacities;
- *The Information Technology industry competitiveness growth Strategy for the years 2015-2021* has been approved (Government Decision No.254 dated 14.05.2015), aiming at building a competitive IT industry based on three areas of intervention, namely on: excellence in education and research in IT; business environment, economic incentives and innovation in IT; and international markets and partnerships;

- *Draft Law on IT industry parks* was approved by Government Decision No.253 of 14.05.2015 and passed in first reading by the Parliament of Moldova on 31.07.2015;
- *Draft law on amending and supplementing the Law on Electronic Communications no. 241-XVI of 15 November 2007* was finalised and is undergoing public consultations;
- *The Program on the transition from analogue terrestrial television to digital terrestrial* (Government Decision No.240 of 08.05.2015) has been approved aimed to reduce the digital divide between rural and urban areas by providing access to services of TV programs and other info-communications services. Following its implementation, in June 2015, a license to use radio frequencies for establishing and operating the first national digital television multiplex. SE „Radiocommunications” was built and an inter-institutional working group was established to monitor and coordinate the implementation of the Program;
- An electronic identity card was implemented, which is to create a person identifying informational integrated system and to provide e-services using the electronic signature for counter public services provision;
- *The open data catalogue* is being developed;
- *Reengineering public service* "Registration of domicile/residence. Removal from the evidence" was performed;
- *E-Health Strategy 2020* was developed, but has gone through the multiple re-examination stages. Along the way, due to the complexity and the impossibility of identifying a vision accepted by all stakeholders, the World Bank calls for revision of the draft strategy and for the hiring of a local expert, who will take over the process;
- 9 primary health care institutions applied the Automated Information System "Primary Health Care". A green line SPHC was created and has been launched online electronic programming from your family doctor. Medical staff trainings were organised (more than 60%).

The open government data published methodology designed to establish general rules applicable to all participants involved in the processes of identification, publishing and updating data on the websites of public authorities and public institutions partially transposes the *European Directive 2003/98/EC on re-use of public sector information*, thus establishing a framework for efficient operation.

The possibility to provide public electronic communications services on aircrafts was also provided following the approval of the Decision No.3 dated 01.07.2015 of the State Commission for Radio Frequencies on approval of amendments and completions operated in the National Table of Frequency Allocation.

The Program of radio frequency spectrum management 2013-2020 (transposing the provisions of Decision 676/2002/EC on a regulatory framework for radio spectrum policy in the European Community) has been amended by setting the minimum values of exposure to auction of the license fees for radio spectrum resources available in frequency bands 800 MHz, 900 MHz, 2100 MHz, 2600 MHz, 3400-3600 MHz and 3600-3800 MHz. The last amendments were approved by Government Decision No.316 of 02 June 2015. On 01.10.2015 the Administrative Board of the National Regulatory Agency for Electronic Communications and Information Technology exposed to auction 16 spectrum licenses to use available radio frequency bands that remained unallocated and unsolicited under the measures provided by the Program in 2014. The licenses are valid for 15 years starting from the date of issuance, except of the license issued to one or another provider which already holds a license in the same frequency band. In such cases, the validity of the issued license will be synchronized with the expiration date of the license held by the provider.

In order to implement the Decision ECC/CEPT-ECC/DEC/(06)07 of 01.12.2006 on the harmonised use of airborne GSM and LTE systems in the frequency bands 1710-1785 MHz and 1805-1880 MHz, was approved the Decision No.3 of 01.07.2015 of the State Commission for Radio Frequencies (CSFR) on amendments and completions operated in the National Table of Frequency Allocations.

The National Strategy for Information Society Development "*Digital Moldova 2020 Strategy*" is gradually being implemented with the aim to ensure a systematic and foreseeable development of the country, based on principles highlighted in the "Digital Agenda for Europe". Thus, a *Program on creation, development and exploitation of digital content in Moldova until 2020* is in the drafting process. The project sets out concrete tools and actions to be taken to ensure availability of digital content in Moldova both for current and future generations. Digitization of content increases access of information from all socio-economic areas, having a significant impact on the economic, political, social and cultural environment.

Public health

The implementation of the new *National Strategy on public health* aimed at strengthening the capacity of public health services and at promoting a healthy life style and disease prevention in the society is properly ensured, along with the National Anti-Drug Strategy for the years 2011-2018 and its Action Plan for 2014-2016.

A most recent progress was achieved in the field of drug precursors, having the draft on *modifying the Law No.382-XIV of 6.05.1999 on the movement of narcotic and psychotropic substances and precursors* being approved in Government on 24.02.2016. It foresees to transpose the EU Regulation No.273/2004 and the EU Council 11.02.2004 on drug precursors.

Following an intense cooperation with European Monitoring Centre for Drugs and Drug Addiction and Pompidou Group of the Council of Europe, the tables and lists of narcotic drugs, psychotropic substances and their precursors subject to control have been amended and supplemented (Government Decision No.381 dated 16.06.2015). Concurrently, the draft *Government Decision to conclude cooperation methods necessary for the prevention and combating drug trafficking* is being developed.

Aimed at improving the regulatory framework for preventing and avoiding drink-driven or driving upon worsening of the health condition, the draft Government Decisions approving (i) the guidelines on the organisation and conduct of anti-drinking control and (ii) the norms on medical examination of drivers and candidates to obtain the driving license, were passed on 24 February and 2 March respectively.

With a view of a better quality and safety of substances of human origin, the implementation of the Twinning project on Strengthening the Transplant Agency and support in legal approximation in the area of quality and safety of substances of human origin was properly ensured. The technical assistance provided on capacity building to secure blood transfusion permitted to develop national protocols for the treatment of bleedings.

In order to fully and promptly implement the Framework Convention of the World Health Organisation on Tobacco Control, the *Law No.124 of 29.06.2015 amending and supplementing certain legislative acts* has been approved, whereas the provisions of the EU Directive 2003/33/EC were transposed in the national legislation on advertising and advisory services and treatment to give up smoking were introduced. At present the draft *Government Decision on the approval of sanitary regulations on ingredients in tobacco and related products, reporting on tobacco and the sale of tobacco and related products* is subject to be promoted through to Government for approval.

Further efforts for strengthening the preparedness, training and epidemiological surveillance of communicable diseases were taken (e.g. participation in the "HIV / AIDS Think Tank" seminar, 23 – 26.11.2015, Luxembourg), and an official visit to Chisinau of a headquarter representative from the European Centre for Disease Prevention and Control is foreseen for the first semester of the year.

Civil protection

Operational cooperation between the Republic of Moldova and the European Commission in the field of civil protection is guided by the Administrative arrangement of May 2012.

In order to effectively implement the arrangement multiannual work plans were agreed upon. The first work plan for 2012 – 2014 was successfully put in practice. Implementation of the second work plan for 2015 – 2016 of May 2015 is ongoing.

Basing on the work plans, 24-hour-a-day communication between the Civil Protection and Emergency Situations Service of the Ministry of Internal Affairs of MD (CPESS) and Emergency Response Coordination Centre of the EC has been ensured. At the same time MD and EC has been exchanging relevant early warnings. CPESS has received [Global Disaster Alert and Coordination System](#) reports on a daily basis.

Operational Management Centre for Emergency Situations has operated since November 2014.

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

Adoption of the national regulation on host nation support is scheduled for 2016. In order to acquire relevant knowledge and experience, CPESS participated in 2 specialised general staff exercises, including 1 in Denmark with the assistance of the second phase of the Programme for the Prevention, Preparedness and Response to natural and man-made disasters in the Eastern Partnership countries (2015 – 2016) (PPRD East 2), and in 1 specialised training course.

In May 2015 CPESS approved the Methodology on disaster risk assessment.

Electronic Regional Risk Atlas was installed at the servers in Czech Republic and is operational. Support for the development of the Atlas is provided in the framework of the second phase of PPRD East 2. CPESS has been preparing to host at national servers the MD component of the Atlas.

During 2015 441 representatives of CPESS were trained in the framework of 34 national and international events on preparedness and response to disasters, including the use of Geographic Information System for management of emergency situations.

Education, training and youth

In order to ensure the integration of the national education system in the European Higher Education Area and the implementation of objectives of the Bologna Process, the activities of the Ministry of Education were primarily focused on the implementation of the *new Education Code* and *the Strategy Education 2020* documents that have been developed in accordance with the European standards.

The Ministry of Education is in the process of reviewing the existing legal framework in accordance with the provisions of the new Education Code. Therefore, 44 normative/strategic acts have been already elaborated, 35 normative/strategic acts are in the process of elaboration (from about 110 normative acts/actions planned to be elaborate until 2017).

Among the most important achievements of the Higher Education system should be mentioned further strengthening of the institutional capacity of the National Agency for Quality Assurance in Professional Education. The Agency is currently at the stage of progressive start-up of the procedure for selection of the permanent staff.

For increasing the quality of education, in February 2015, the Ministry of Education became a governmental member of EQAR - European Quality Assurance Register for Higher Education and ANACIP became an associated member of ENQA.

Beginning with 1.10.2015, doctoral studies were introduced in the higher education institutions based on the Regulation on the organization of doctoral studies, 3rd cycle. Recently, 43 doctoral schools have been authorized with the right to organize doctoral studies in 11 higher education institutions (HEI), 10 national consortia, 1 international consortium and 3 partnerships.

In order to bring Moldovan professional training in line with European standards, to ensure the recognition of education documents and to promote professional and academic mobility of young people, the Ministry of Education continues the development of the NQF. At present, the NQF has been approved for 143 qualifications in the field of higher education. 4 volumes of qualifications on specific fields/specialties were edited. The 4th volume for 17 training fields and 56 specialties was published.

Multiple activities focused on promoting *Academic mobility programs and internationalization of the Educational system in the country*. In 2015, 4 Jean Monett projects were implemented in Moldova, whereas 16 EU TEMPUS projects are under implementation. As for mobility programs, the following results were recorded: Erasmus Mundus Joint Master Degree, Action - 8 scholarships, Credit Mobility International, Action 2 - 314 mobilities: 101 - Licence, 93 – Master, 55 – PhD, 40 – Postdoc, 25 - teachers.

Concurrently, the implementation of different projects/programs of international mobility was sustained – e.g. CEEPUS, DAAD, projects of French Alliance, Pestalozzi Program – with the aim to internationalise education in the country, foster active participation of educational institutions in the international academic community and promote academic mobility of young people and teachers.

In 2015, the RM in cooperation with the EU continued to pursue the objectives outlined in the reform program of vocational education training (VET), which has as targets the correlation between the labor market needs and the training of specialists from the VET field.

Following this comprehensive reform, the work on the National Qualifications Framework for Technical Vocational Education continued; the Plan on restructuring the networks plan was approved; 23 professional technical educational institutions were reorganised; 5 Centers of Excellence in the field of transport, construction, services and food processing, light industry, informatics and information technology were created. The Regulation on the organisation and functioning of the Excellence Centers was approved.

In the VET field, the Ministry of Education continued its cooperation with the ETF, which supported the reforms in vocational education focusing in particular on developing a National Qualifications Framework and developing the legal framework for lifelong learning. Only in 2015, 53 professional qualifications were approved.

The *National Development Strategy for the youth sector 2020* and the *Action Plan for its implementation* were approved in December 2014. Furthermore, the draft Law on Youth is under public consultations and should be submitted for approval by the end of this month.

Research and innovation

Moldova is the first state among EaP and Central Asian countries that has demonstrated its intention to join the European Research Area through the association to the Framework Programmes of the EU. With the scope of integration in the ERA, the Academy of Sciences (ASM) has reviewed all related documents on national and European levels, and has developed a *draft National Strategy for integration into the European Research Area*, that will contribute to the achievement of the priorities of the ERA and the promotion of a positive image of domestic science at the national and European level.

In order to enhance the participation of the Republic of Moldova in the Horizon 2020 Programme, the ASM:

- Supports the organisation and coordination of the activity of the network of National Contact Points in accordance with the structure approved by the European Commission for the EU Programme HORIZON 2020;
- Ensures the activity of the Moldova's Office for Science and Technology under the auspices of the European Union (MOST);

- Contributes to the development of bilateral and multilateral cooperation in this domain.

With EU support, in order to boost the efficiency of the scientific community's participation in the field of research and development, of SMEs, NGOs and other institutions in the Horizon 2020 Programme, the ASM has developed and announced three new competitive programs:

- Connecting the Centers of Excellence from Moldova to the European Research Infrastructure - 6 research institutions and 6 institutions of higher education were supported based on competition, a process currently in progress;
- Increasing participation in the Horizon 2020 Programme by supporting the mobility of researchers - over 80 grants for mobility have been awarded, in order to participate in the practical workshops of writing project proposals, brokerage events, preparatory meetings for the creation of new consortia, promotion of local scientific results and the development of international partnerships for participation in H2020 Programme calls;
- EUROPEAN BONUS for stimulation of participation in the Horizon 2020 Programme; over 40 BONUS have been awarded for teams of scientists from different research institutes of ASM, higher education institutions, SMEs and NGOs.

For implementing the 2013-2020 Innovation Strategy, subsequent measures have been undertaken:

- The draft Government Decision on the creation of the National Council for Research and Development has been developed;
- An educational program related to the innovation process -The Master Program "Innovation Management" is being implemented;
- Financial support for universities and research centres, for the identification of market innovation needs has been offered.

At present, the ASM has developed a new project called "*The concept of reform of the area of science and innovation*", with the aim to reform the current system of management of science and innovation area, by adjusting its legal regime in line with European Research Area, and has launched on 9.11.2015 the working program of Marie Skłodowska-Curie actions 2016-2017 alongside with the other areas of the Horizon 2020 Programme.

Culture, Audiovisual and media policy

National legal framework is adjusted to UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. At present, the State Program on the Protection and Promotion of the National cultural heritage included in UNESCO list is completed and will be sent shortly for approval.

The RM supports the process of preserving and promoting the cultural and natural heritage through the implementation of various projects (Twinning – "Support for promotion of cultural heritage of the country by preserving and protecting it", COMUS – "Urban Strategies conducted by local communities in historic towns", TAIEX – "Mission of the decentralization process expertise in the field of culture", NOVATECA Program implementation and policy transformation of libraries from Republic of Moldova into vibrant community institutions).

Mobility in the field of culture has been increased by 5% due to developing partnerships with EU Member States.

On 26.02.2016, the draft *Law on modification and completion of the Audiovisual Code* has been adopted by Parliament, its main purpose being the decrease of the monopoly on Moldovan media market. The new amendments state that a physical or legal entity can't hold more than 2 broadcasting licenses in the same territorial-administrative district and can be investor or the major shareholder of no more than one broadcaster of any type.

Law No.28 on modification and completion of the Audiovisual Code No.260-XVI from 27 June 2006 concerning the transparency of media ownership has been adopted by Parliament on 5.03.2015.

Participation in EU agencies and programmes

Country's participation in EU programs represents one of the cornerstones in the Republic of Moldova – EU dialogue. Consequent efforts were made to extend the participation to 3 Union Programs, namely:

- The Framework Programme for Research and Innovation – *Horizon 2020* (signed on 01.07.2014), Moldova thus becoming the first EaP country to be associated with this new programme;
- Programme for the competitiveness of enterprises and small and medium-sized enterprises – *COSME* (signed on 29.09.2014);
- EU Programme *Creative Europe* (signed on 11.05.2015).

Given the national priorities on access to healthcare quality, Moldova's accession to the *Third multi-annual programme of action for health* has been initiated. At present, the draft normative act for approving the respective Agreement has been sent though to the Government.

Intense cooperation between some of national institutions with EU agencies has been established, e.g. National Bureau of Statistics, Eurostat and national statistical offices of the EU Member States on the implementation of quality indicators in national statistics; European Food Safety Authority (EFSA) with the National Agency for Food Safety; European Environment Agency (EEA) with the Ministry of Environment on the opportunity to actively participate in regional projects organised in the framework of the EaP, as Shared environment system.

2.5 Trade and trade related matters (DCFTA)

Trade in goods

The roadmap for improving the Republic of Moldova's competitiveness is in the process of adjustment. At the same time, the National Strategy for attracting investments and export promotion for 2016-2020 was approved by Government on 02.03.2016.

During January-December 2015, the EU oriented export value amounted to USD 1217,6 mln (62%) of the total registered exports and increased by 9 %over the same period last year. The main European partners for exports are: Romania, Italy, United Kingdom, Northern Ireland, Germany, France, Poland and Netherlands. In the same period, the import from EU value amounted to USD 1954,1 mln (49%) of the total registered imports (48%-2014) with main partners: Romania, Germany, Italy, Poland, France, and Austria.

The export quotas during the period 01.01 - 09.03.2016 were fulfilled as follows:

- *Grapes* – 2 987 tons from 10 000 tons in total (30%), mainly to Romania, Spain and Estonia;

No exportation of plums and apples on EU market has been registered in the current year

The fulfilment of export quotas during the 2015 was as follows:

- *Grapes* – 9366 tons from 10 000 tones in total (93%), mainly to Spain, Poland, Romania and Estonia;
- *Apples* – 746 tons from 40 000 tones in total (2%), mainly to Romania and Poland;
- *Plumes* – 6196 tons from 10 000 tones in total (62%), mainly to Czech Republic, Latvia, Poland and Romania.

During 01.01-09.03.2016, the fulfilment of export quotas using anti-circumvention mechanism shows the following configuration:

- *Wheat and wheat flour* – 16 486 tons from 75 000 tones in total (21,9%), mainly to Romania, Great Britain, Italy and Greece;
- *Barley* – 3488 tons from 70 000 tones in total (4,9%), mainly to Cyprus and Romania;
- *Maize* – 18 813 tons from 130 000 tones in total (15%), mainly to Cyprus, France, Great Britain, Greece and Italy;

- *Processed cereals* – 3 326 tons from 2 500 tones in total (133%), mainly to Greece and Romania;
- *Sugar* – 2 874 tons from 37 400 tones in total (7,6%), mainly to Poland and Romania;
- *Processed sugar* – 221 tons from 4 200 tones in total (5,2%), mainly to Romania, Hungary, Poland Bulgaria, Croatia and Germany;
- *Sweet corn* – 171 tons from 1500 tones in total (11,4%), mainly to Bulgaria, Romania and Lithuania.

During 01.01.2015-31.12.2015, the fulfilment of export quotas using anti-circumvention mechanisms shows the following configuration:

- *Wheat and wheat flour* – 178 486 tones from 75 000 tones in total (237 %), mainly to Romania, Great Britain, Italy and Greece;
- *Barley* – 78 360 tones from 70 000 tones in total (111%), mainly to Cyprus and Romania;
- *Maize* – 162 746 tones from 130 000 tones in total (125%), mainly to Cyprus, France, Great Britain and Italy;
- *Sugar* – 7 985 tones from 37 400 tones in total (21%), mainly to Poland and Romania;
- *Processed sugar* – 5 505 tones from 2 500 tones in total (220%), mainly to Great Britain and Romania;
- *Processed sugar* – 1 011 tones from 4 200 tones in total (24%), mainly to Romania, Hungary, Poland, Bulgaria, Croatia and Germany;
- *Sweet corn* – 751 tones from 1500 tones in total (50%), mainly to Bulgaria, Romania and Lithuania.

The national authorities have informed and presented to the EU Commission the supporting materials about the products, which exceeded the quotas provided in the Agreement, (art. 148, AA/DCFTA).

Import quotas during the period 01.01 – 09.03.2016 were fulfilled as follows:

- *Pork meat* - 278 tons from 4000 tones in total (6,95%);
- *Poultry meat* - 895 tons from 4000 tones in total (22,37%);
- *Dairy products* – 35 tons from 1000 tones in total (3,5%);
- *Processed meat products* – 62 tons from 1700 tones in total (3,6%);
- *Sugar* – 0 tons from 5400 tones in total (0%);
- *Sugar products* - 140 tons from 640 tones in total (21,8%)

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

Technical regulations, standardization and related infrastructure

The fulfilment of the commitments regarding TBT and the market surveillance sector can be characterised as having a relatively positive trend, with the following laws being adopted during the reporting period:

- *Law No.7/2016 on market surveillance* and *Law No. 9/2016 on accreditation and conformity assessment* (transposing EU Regulation 765/2008 and EU Decision 768/2008);
- *Law No. 231/2015 on general product safety* (transposing EU Directive 2001/95/EC);
- *Law on national standardisation* adopted on 04.03.2016 (transposing EU Regulation 1025/2012);
- *Law on Metrology* adopted on 04.03.2016.

Additionally, national technical regulations transposing the directives of the New and Global Approach were approved in accordance with the timetable set in the Agreement. By now, technical regulations on (i) measuring instruments, (ii) pressure vessels, (iii) lifts transporting people, (iv) toys' safety, (v) electromagnetic compatibility, (vi) industrial machinery, (vii) non- automatic weighing machines have been harmonised with the EU *acquis*.

For aligning the national standardization system to the European one, until now some *10 200 European standards* have been adopted, which constitutes about 43% of total Moldovan standards. 96% were adopted in line with European standards, the use of which provides presumption of conformity with the essential requirements of technical regulations transposing the Community legislation. With regards to the annulment of the Moldovan standards conflicting with European standards, it is worth mentioning that 1415 GOST standards were cancelled during 2014-2015.

The National Standards Fund is managed on-line by the National Standardization Institute through "E-Standard" Automated Information System, allowing full online access to information on Moldovan standards.

Aimed at aligning *the National Metrology System* to the EU one, the Government Decision on the approval of legal units of measurement has been approved, thus ensuring the transposition of EU Directive 80/18/EEC. Recently, the Calibration Laboratory of the INM was accredited (as required by the standard SM SR EN ISO/IEC 17025), for the geometrical sizes, sizes thermal, mechanical units (masses).

For ensuring the traceability of measurements to the international system, several processes are underway, *e.g.* 10 COOMET inter-comparisons in different fields of measurement; Bilateral inter comparisons with Romania; One comparison with European organization EURAMET. Concurrently, with regard to signing the Multilateral Recognition Arrangement with the European Cooperation for Accreditation (EA MLA,) the documents on the management system MOLDAC, following SM SR EN ISO/IEC 170 standard, have been improved. In addition, MOLDAC staff was familiarised with EU and international standards the requirements on the accreditation of testing and calibration of laboratories, certification bodies. MOLDAC also submitted the application and documents on the management system, required for becoming a signatory member to the EA MLA.

The Italian Agency ACCREDIA is currently evaluating MOLDAC through a simulated assessment within the Twinning Light project.

In order to initiate the negotiations on the signing of the Agreement on Conformity Assessment and Acceptance of industrial products, possible areas for negotiation for this agreement have been identified. Also, in order to ensure the implementation of the Directives listed in the Annex XVI of the Agreement DCFTA, a list of needed equipment for laboratories was established and consequently a procurement Plan was approved. A public procurement tender was launched.

Sanitary and phytosanitary measures

An intense cooperation between DG SANTE and the Ministry of Agriculture and Food Industry has been carried out in order to agree on the Annex XXIV-B for SPS approximation. The internal procedure for the approval of the signing of the Decision within the dedicated Sub-committee of the Association Moldova - EU on sanitary and phytosanitary measures is ongoing.

For establishing the principles and requirements on food safety legislation, the draft Government Decision on approval of the draft law amending and supplementing Law No. 113 of 18.05.2012 has been approved in February 2016. The document provides for the creation of the Rapid Alert System for Food and Feed (RASFF) in order to implement an effective tool for the notification of risks to human health that can be caused by food or feed. The draft law is to be reviewed and approved by Parliament.

During 25 - 29.01.2016, DG SANTE/FVO carried out an audit mission to Moldova to evaluate the control of residues and contaminants in live animals and animal products. Following the FVO mission, a set of recommendations has been put forward to overcome the deficiencies presented in the report. Shortly, an Action Plan for the implementation of these recommendations is to be submitted.

In order to endow the official laboratories for food safety with the necessary testing equipment, in accordance with the requirements of EU export and import in Moldova, the NAFS approved a multi annual Procurement

Plan for the period 2016-2018, through which the necessary equipment for official laboratories was identified.

Representatives of the responsible institutions for the SPS implementation, participated in series of trainings and workshops aiming at strengthening capacities and increasing the knowledge necessary to implement normative and legislative acts (strengthening the sector food safety, risk communication on food safety, crisis management, etc.)

A Laboratory for determination of pesticide residues in plants, soil and production of non-animal origin has been established and the accreditation procedure for RENAR laboratory has successfully been completed. Concurrently, the draft Agreement on Common Agricultural Moldovan-Israeli cooperation on the creation of a laboratory of molecular biology for the detection of Genetically Modified Organisms is getting finalise.

Customs and trade facilitation & Rules of origin

Aimed at bringing the Moldovan legislation in line with the EU law and the international standards listed in the Annex of the AA, important actions have been taken, namely:

- The list of tariff concessions offered by RM was implemented within the automated information system „Asycuda World” and is applied when issuing customs declarations of import of goods from EU since 01.09.2014.
- The Authorised Economic Operator (AEO) system is being successfully implemented. In total, 96 companies were issues AEO certificates at the end of the Quarter IV, 2015. Concurrently, a pilot project has been launched on 01.07.2015 on unilateral recognition of AEO from EU at Leuseni-Albita border control check point.
- Since 01.03.2015, the electronic import procedure for goods has been put in place, hence the import duty rate rised up to 9% at the end of last year, whereas the share of exports following the electronic procedure counted around 92%.
- Amendments to Government Decision No.1140 have been made on 20.05.2015 to reduce the number of documents needed for the customs clearance of the imported/exported goods and to simplify foreign trade, and to harmonise with international practices in the field. The decision establishes a minimum number of binding instruments, namely three acts that are requested for the customs clearance of goods and of the transport types.
- Since August 2015, the blue lane concept is being applied, thus avoiding the control at the customs, and will rather undergo customs inspections from the office on the base of the documents accompanying their customs declarations. This tool reduces the customs clearance time and costs for trustworthy economic agents. On 19 June 2015, the testing procedure for the clearance of goods was initiated, and on 31 June 2015 it was implemented at the national level.
- The Customs Code and the Law No. 1380 on customs tariff have been amended in accordance with the EU legislation. Regulation on the procedure for issuing and withdrawing the export license was approved by Government Decision No.385 dated 16.06.2015.
- A working group responsible for reviewing the Code of Conduct for customs officers in order to adjust it to the international standards has been created aimed at adjusting the current national legislation in line with the international standards. The new Code of conduct for customs officers has been drafted, following now the public consultation phase.
- The draft Law on customs service has been developed and approved by Government on 02.03.2016.
- Aimed at ensuring an effective cooperation with public authorities for a proper implementation of the respective Law, Customs Service participated in 11 joint international operations in various fields.
- The draft Government Decision approving the Regulation on the enforcement of intellectual property rights was prepared by the customs authorities.
- Following the accession to Regional Convention on pan-Euro-Med Convention (Law No. 111 dated 28.05.2015), the creation of free trade zone in the area and the liberalisation of rules of origin has been formalised. It will provide a new impetus for supply with raw materials and boost of investments in the region, same as will enable harmonisation of rules of origin. Currently, the draft of the Presidents Decree for approving the signing of the Customs Committee Decision on amending the

Protocol on rules of origin has been developed and coordinated with the relevant institutions and reviewed by Parliamentary Commission.

For implementing the art.195 of the AA, the process for amending the Law No.1540/1998 and the Law No. 1515/1993 has been initiated. Accordingly, these economic instruments are to be applied uniformly on local producers and products, as well as importers and imported products. The Ministry of Finance and the Ministry of Environment are developing the new mechanism for collecting the environment tax, which will be applied within the country as of January 2017.

The priorities set in this sector refer at first on the (i) elimination of the taxes for environmental pollution; (ii) promotion and recognition of the Authorized Economic Operator (AEO); (iii) promotion of the single window concept and the implementation of the New Computerized Transit System (NCTS); (iv) the approval of the new Law on customs service and the new Code of Conduct for officials; and (v) take full advantage of the available quotas for the export of goods.

Establishment, trade in services and electronic commerce

A series of workshops have been organised for central authorities on the harmonisation of national legislation with the EU, mainly on e-commerce, electronic communications and electronic signature. Public authorities have received advice on the revision of national legislation, changing policies and legislation in the field of electronic commerce provided under the EU project on "Support to the implementation of the DCFTA in Moldova".

In this aspect, a special Working Group for the adjustment of the horizontal legislation on market access for services in accordance with the commitments under the Agreement was created. During 2015, a mechanism for dialogue became operational and inter-institutional interaction efforts have been joint to achieve the commitments deriving from the DCFTA part of Association Agreement EU-Moldova.

Current payments and movements of capital

In order to implement the commitments related to capital account liberalisation, the draft law on amending and completing the Law on foreign exchange regulation No. 62-XVI of 21.03.2008 was approved by Government Decision 02.03.2016 providing the liberalisation of certain foreign exchange capital operations.

Public Procurement

The draft Law No.131 on public procurement has been adopted on 03.07.2015 in line with EU Directives 2004/18/EC and 89/665/EC. It aims to introduce significant changes for increasing the transparency in this sector and creating necessary legal preconditions for the establishment of an independent body for the appeals' resolution. In addition:

- The newly developed Roadmap for implementing the MD-EU Association Agreement in the public procurement area has been coordinated with SIGMA experts, and is under review by the Ministry of Finance, after which the document will be sent to the European Commission representatives for feedback;
- The Regulation for organisation and functioning of the National Agency for Solving Complaints was developed;
- The Public Procurement Agency website has been supplemented with additional features, which provide information to the economic operators and contracting authorities regarding various procurement procedures.

Following the Decision 2/2016 of the Association Committee in Trade configuration on amending the Annex of the Moldova-EU AA in terms of procurement, RM will undertake clear actions in order to harmonise the legislation to Directive 2014/24/EU on public procurement, repealing Directive 2004/18/EC and Directive 2014/25/EU until 2019. Additionally, the Government will mainly focus on key priorities to (i) promote in the

shortest time possible of the draft Law on public sector procurement contracts (utilities), which is currently in the government approval phase; (ii) create the National Agency for Solving Complaints; (iii) identify the necessary financial resource for maintaining and developing the public Procurement Information system.

Intellectual property rights

In the period under review, an *Action Plan for the years 2015-2017 for the implementation of the National Intellectual Property Strategy (NIPS) up to 2020*, was approved by Government Decision No.491 of 11.08.2015 containing concrete measures for the consolidation of IP protection and enforcement; encouragement of innovative entrepreneurship, digital creativity and IP exploitation; raising IP Culture and repression piracy and counterfeiting in the country. All IP-relevant stakeholders are involved in the implementation of the NIPS Action Plan and it was elaborated in line with the Moldova's commitments under the Association Agreement/IPR Chapter. The IPR enforcement activities are provided under Main Goal 4 of the NIPS Action Plan aimed at strengthening institutional capacities of the bodies charged with functions and responsibilities for the protection and enforcement of intellectual property rights and development of an effective infrastructure to prevent and combat the phenomena of counterfeiting and piracy.

The Moldovan intellectual property legislation is harmonised with TRIPS agreement and the EU Directives and Regulations, including the Enforcement Directive 2004/48/EC and the Regulation No.608/2013 concerning customs enforcement of IPR. The national legislation provides not only right holders with legal tools to protect their rights, but also enables the state authorities to apply lawful intervention measures, including ex officio procedures. The dialogue with the right holders was enhanced and common actions are organised for IPR enforcement personnel. In order to eliminate the inconsistencies of the national legislation with the AA provisions, amendments to the trademark, industrial design and plant variety legislation were operated in June 2015. These changes are coming to improve the existing rules and to comply with legislation on the mark and plant varieties with the provisions of the association agreement, in particular art.294 (known trademarks) and art.317 (plant varieties). Amendments to the copyright law and the Law on protection of Geographical Indications are foreseen to be operated in the short term.

An on-line application submission system has been created, by now being submitted 755 applications for the protection of IP objects through this system.

By the adoption of the Law No.114 of 03.07.2014 on the State Agency on Intellectual Property, the national IP office was reorganised in a public institution, its mandate being consolidated and enhanced and a series of by-law acts were adopted to consolidate the Agency mandate and enhance its institutional capacities.

The institutional capacities of the Customs, Police and Prosecution are being continuously improved, specialised units were established within the enforcement authorities and their personnel are regularly trained on IP issues.

Since 2014, the National Institute of Justice introduced IP training courses in its Training Action Plan, thus in the period 2014-2015 - 8 training events were organized for Judges, judicial assistants and prosecutors. Apart of legislative and institutional developments, IP related awareness campaign were organised, focused on different categories of populations, including antipiracy campaign for school pupils (2014), public libraries IP information campaign (2014).

The IPR enforcement activity in the country is monitored by the IPR Observatory established within the State Agency on Intellectual Property (AGEPI) and a National IPR Enforcement Report containing statistical and analytical details is published annually.

In December 2015, the EU-Moldova Geographical Indications Sub-Committee was established. In order to consolidate the GI protection system and raise awareness for geographical indications as a tool for promoting high-value, origin linked products, several institutional and normative improvements were introduced by the Ministry of Agriculture and Food Industry and AGEPI and around 20 information/training events were organised in 2015 for public authorities and local producers. The main result of the meeting

was the agreement of the parties on the signing the Decision No.2/2015 on completing the Annexes XXX-XXX-C and D with the completion of the internal legal procedures of the country.

In June 2015, the Moldovan Patent Law No.50/2008 was amended in line with the European Patent Convention and on 01.11.2015, the Bilateral Agreement on Validation of European Patents signed by the RM Government and the European Patent Organization entered into force.

Competition

In the competition and state aid sectors the following progress were recorded:

- Development of a draft National Programme on competition and state aid for 2016-2020;
- Approval of the Report on State aid granted in Moldova during 2011-2013;
- Development and implementation of the information system „State Aid Register of Moldova”, approved by Government Decision nr. 378 of 27.05.2014;
- Approval of Regulations on accepting commitments proposed by companies; on the evaluation of State aid for financing of airports and start-up aid to airlines; on the assessment of State aid for rapid development of broadband electronic communications networks;
- Approval of the regulations on state aid for the steel sector, for public service broadcasting, for films and other audiovisual works, for rail transport undertakings, for public transport services by rail and by road, for ship management companies and for postal services.

Concurrently, the development of certain regulations has been initiated, namely:

- Regulation on State aid for culture and heritage;
- Regulation on State aid for sports facilities and multipurpose recreational facilities;
- Competition Council Plenum’s Decision to amend the Regulation on aid to remedy a serious economy disruption, approved by the Competition Council Plenum’s Decision No.12 of 30.08.2013;
- Competition Council Plenum’s Decision to amend the Regulation on State aid for regional development, approved by the Competition Council Plenum’s Decision no. 4 of 30.08.2013;
- Competition Council Plenum’s Decision to amend the Regulation on the assessment of State aid granted for financing the airports and start up aid to airlines, approved by the Competition Council Plenum’s Decision No.4 of 25.07.2014.

Transparency

Several actions to raise awareness and visibility of the DCFTA have been taken. The Ministry of Economy with the support of Chamber of Commerce and Industry (CCI), European Business Association (EBA), American Chamber of Commerce had organised about 40 events with the participation of about 2606 people, of which 1/3 were women.

Therefore, contributions were made to the development and dissemination of relevant information among which:

- 24 thematic seminars were organised jointly with the Chamber of Commerce and EBA;
- Workshop on *Challenges and opportunities for export of meat products and sausages in the EU market* held on 27.05.2015;
- Launching of the official website www.dcfta.md, which provides practical information on the implementation of the DCFTA and its opportunities;
- A common forum for dialogue with civil society has been organised in order to promote the interests of civil society on the implementation of Chapter 13 of DCFTA. The forum, jointly with the EU, has organised a Workshop on waste management and trade-related matters;
- Roundtable in which there were presented the opportunities and challenges facing SMEs in Moldova in the implementation of the DCFTA and support tools that are offered to the business;
- Participation in the regular meeting of the Committee for Entrepreneurship in services organised by CCI of RM, where the topic discussed was quality infrastructure for the growth and strengthening the competitiveness of local exports in the implementation of the DCFTA.

Trade and sustainable development

A sub-committee on Trade and Sustainable Development took place on 7.07.2015 whereas the possibility for accelerating bilateral cooperation in the implementation of reforms deriving from DCFTA, particularly in the field of sustainable development and facilitating of trade has been addressed.

Annex 1. Progress in approximation of Moldovan Legislation with EU acquis for Title IV 'Economic and other sector cooperation'

Legal approximation (alignment) progress of Moldovan Legislation with <i>acquis communautaire</i> for Title IV – Planned vs. Realised –																		
		Upon entry into force	Within 1 year	Within 1,5 years	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Within 6 years	Within 7 years	Within 8 years	Within 9 years	Within 10 years	Within 12 years	Within 16 years	Total nr of actions	Total EU legislative acts	
Chapter 3 "Company Law, Accounting and Auditing and Corporate Governance" Annex	Planned				4	7	1									12	12	
	Level of approximation as of 10.03.2016				1											1	1	
Chapter 4 "Employment, Social Policy and Equal Opportunities" Annex III)	Planned					10	7		1	10				13	1	1	43	39
	Level of approximation as of 10.03.2016					2	4		1	4				1			12	6
Chapter 5 "Consumer Protection" Annex IV)	Planned		1		2	3	10									16	16	
	Level of approximation as of 10.03.2016		1		2	1	4									8	8	
Chapter 8 "Taxation" (Annex VI)	Planned	4			2	5		8						3		22	7	
	Level of approximation as of 10.03.2016	4														4	1	
Chapter 9 "Financial Services" (Annex XXVIII-a)	Planned	See Title V: Section 5: Regulatory framework; Sub-section 6: Financial services; Art. 249: Gradual approximation																
Level of approximation as of 10.03.2016																		
Chapter 12 "Agriculture and rural development" Annex VII)	Planned					3	20	23								46	46	
	Level of approximation as of 10.03.2016					1	1	1								3	3	
Chapter 14 "Energy cooperation" Annex VIII)	Planned	20	1	2	4	21							1			49	43	
	Level of approximation as of 10.03.2016	11				3										14	14	
Chapter 15 "Transport" (Annex X)	Planned	5	2		2	12	10	1	1			2				35	28	
	Level of approximation as of 10.03.2016	5	2		2											9	9	
Annex XXVIII-D Rules applicable to international maritime transport	Planned	1			3	10	3	5								22	22	
Level of approximation as of 10.03.2016																		
Chapter 16 "Environment" (Annex XI)	Planned	2			18	24	23	16	16	6	4	5	4			118	25	
	Level of approximation as of 10.03.2016	2			4	5			1							12	12	
Chapter 17 "Climate Action" (Annex XII)	Planned						1	2			1					4	4	
Level of approximation as of 10.03.2016																		
Chapter 18 "Information Society" (Annex XXVIII B)	Planned		1	4	4	3										12	12	
	Level of approximation as of 10.03.2016			1	2													
Chapter 21 "Public health" (Annex XIII)	Planned					1		4		9						14	14	
	Level of approximation as of 10.03.2016									1								
Chapter 25 "Cooperation on culture, audio-visual policy and media" (Annex XIV)	Planned				1											1	1	
	Level of approximation as of 10.03.2016																	
TOTAL	Planned	32	5	6	40	99	75	59	18	25	7	6	20	1	1	394	269	
	Level of approximation as of 10.03.2016	22	3	1	11	12	9	1	2	5	0	0	1	0	0	63	54	

Annex 2. Progress in approximation of Moldovan Legislation with EU acquis for Title V 'Trade and trade-related matters'

Legal approximation (alignment) progress of Moldovan Legislation with <i>acquis communautaire</i> for Title V - Planned AA vs. Realised -															
		Upon entry into force	Within 1 year	Within 1,5 years	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Within 6 years	Within 7 years	Within 8 years	Within 9 years	Within 10 years	Total nr of actions	Total EU legislative acts
Chapter 1. National treatment and market access for goods	Planned		10											10	0
	Level of approximation as of 10.03.2016		5											5	0
Chapter 3. Technical barriers to trade, standardisation, metrology, accreditation and conformity assessment (<i>Annex XVI</i>)	Planned	19	40	1	31	17	5							113	113
	Level of approximation as of 10.03.2016	10	12	1		1								24	24
Chapter 4. Sanitary and phytosanitary measures	Planned		6											6	6
	Level of approximation as of 10.03.2016		6											6	6
Chapter 5. Customs and Trade facilitation (<i>Annex XXVI - Approximation of Customs Legislation</i>)	Planned		1			4								5	3
	Level of approximation as of 10.03.2016													0	0
Chapter 6. Establishment, trade in services and electronic commerce (<i>Annex XXVIII A - Rules applicable to financial services</i>)	Planned	2	3			27	2	5		1				40	40
	Level of approximation as of 10.03.2016	2	3			7		1						13	13
Chapter 6 Establishment, trade in services and electronic commerce (<i>Annex XXVIII B - Rules applicable to telecommunication services</i>)		See Title IV, Chapter 18. Information Society													
Chapter 6. Establishment, trade in services and electronic commerce (<i>Annex XXVIII C - Rules applicable to postal and courier services</i>)	Planned	1						1		1				3	3
	Level of approximation as of 10.03.2016	1												1	1
Annex XXVIII D Rules applicable to international maritime transport		See Title IV, Chapter 15. Transports													
Chapter 8. Public Procurement Annex XXX B	Planned		3			2	2			1			1	9	4
	Level of approximation as of 10.03.2016					2								2	2
Chapter 9. Intellectual property rights	Planned		6				1							7	6
	Level of approximation as of 10.03.2016		3				1							4	3
Chapter 10. Competition	Planned				5			1						6	0
	Level of approximation as of 10.03.2016													0	0
Chapter 11. Trade-related energy	Planned	2	5											7	6
	Level of approximation as of 10.03.2016	2	5											7	6
TOTAL	Planned	24	74	1	41	50	10	8	1	2	1	0	0	212	181
	Level of approximation as of 10.03.2016	15	34	1	0	10	1	1	0	0	0	0	0	62	55

Annex 3. Progress in approximation of Moldovan Legislation with EU acquis for Title VI 'Financial assistance, and anti-fraud and control provisions'

Legal approximation (alignment) progress of Moldovan Legislation with <i>acquis communautaire</i> for Title VI - Planned vs. Realised -																	
		Upon entry into force	Within 1 year	Within 1,5 years	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Within 6 years	Within 7 years	Within 8 years	Within 9 years	Within 10 years	Within 12 years	Within 16 years	Total no of actions	Total EU legislative acts
Chapter 2 "Financial Assistance" (<i>Annex XXXV</i>)	Planned					3										3	3
	Level of approximation as of 10.03.2016																
TOTAL	Planned					3										3	3
	Level of approximation as of 10.03.2016																