



**EUROPEAN UNION
EUROPEAN NEIGHBOURHOOD AND
PARTNERSHIP INSTRUMENT**

EASTERN PARTNERSHIP

**COMPREHENSIVE INSTITUTION
BUILDING PROGRAMME 2011-2013
FOR THE REPUBLIC OF MOLDOVA**

FRAMEWORK DOCUMENT

1. Introduction

The future Association Agreement between the European Union and the Republic of Moldova (hereafter ‘Moldova’) will significantly deepen the political partnership and economic integration. When the right conditions will be met, the EU and Moldova will establish a deep and comprehensive free trade area (DCFTA) providing for mutual market access. The agreement on establishing a DCFTA will be part and parcel of the Association Agreement.

The Comprehensive Institution Building Programme (CIB) was proposed by the European Commission in its Communication on the Eastern Partnership¹. The concept was further developed in Guidelines which have guided the preparation of this Framework Document.

The future Association Agreement requires Moldova to engage, without having to wait for its entry into force, in considerable reform of those institutions that will be responsible for implementing the new obligations. It also implies the upgrading of critical co-ordination functions as well as key horizontal disciplines such as monitoring, human resource development and financial management. The CIB sets out to respond to this need. As such, it will be an Association Agreement driven programme.

This Framework Document, developed in line with the “Memorandum of Understanding between the European Commission and the Republic of Moldova regarding the Comprehensive Institution Building Programme” signed in Chisinau on 15 May 2010, focuses on key reform areas where institutional upgrading and capacity strengthening will have a catalytic effect on the ability of Moldovan institutions, as a whole, to meet their commitments under the Association Agreement. It will be complemented by a set of multi-annual Institutional Development Plans², outlining the priorities to be pursued to build up the capacity of specific institutions which are key to meeting the selected reform challenges, the measures to be taken, the input to be provided and the funding sources.

For the purpose of the CIB, the notion of “institution” can include any government institution with a specific public sector responsibility (such as modernising public administration) or a cluster of institutions that have a shared administrative responsibility to address a specific challenge (such as preparing the country for a DCFTA with the EU).

The EU financial contribution to the CIB is part of the National Indicative Programme (NIP) 2011-2013 for Moldova. Coherence with the NIP is thus particularly important. This extends also to the overall policy framework, including multilateral activities such as the Eastern Partnership Thematic Platforms.

Key principles for the CIB in Moldova

In discussing the CIB and in elaborating the Framework Document, the European Commission and Moldova have agreed on the following basic principles:

- Joint ownership and joint implementation of the CIB
- Use of existing ENPI tools and financial instruments
- Facilitation of the implementation of the future Association Agreement and need to anticipate both horizontal and vertical challenges linked to that Agreement
- Accordingly, a focus on challenges related to public administration reform; the consolidation of the rule of law and respect for human rights and fundamental freedoms; and preparations in view of a future DCFTA with the EU

¹ COM(2008) 823 final, 3.12.2008

² “Strategic Development Programmes” (‘SDPs’), in accordance with the national terminology applicable from December 2010. This national terminology will be further used throughout this document.

- Complementarity with the 'Rethink Moldova' document, which outlines priorities for external assistance to Moldova in 2010-2013
- Consistency with the priorities of the ENPI National Indicative Programme 2011-2013³
- Complementarity with other assistance provided by Moldova's development partners
- Continuity and sustainability of the undertaken reforms.

Both sides agreed that the CIB should support Moldova's reform agenda, and should contribute to strengthening Moldova's co-ordination of external assistance. Accordingly, overall responsibility for CIB coordination on the Moldovan side belongs to the State Chancellery, which is in charge of external aid coordination and policy management.

2. Contractual relations between Moldova and the EU

Moldova is a close neighbour and an important partner to the European Union. Since the choice of the Moldovan government to make European integration its top priority, EU-Moldova relations have greatly intensified. The Partnership and Co-operation Agreement (PCA), which entered into force in 1998, provides the framework for cooperation between the EU and Moldova, in all key areas of reform. In February 2005, cooperation objectives were set out in greater details in the EU-Moldova Action Plan 2005, which is still being implemented.

Negotiations on an EU-Moldova Association Agreement were launched in January 2010. This agreement will supersede the PCA. It will significantly deepen Moldova's political association and economic integration with the EU, relying on a strong degree of regulatory approximation. In addition, when the right conditions for it are met, negotiations on the establishment of a DCFTA will be launched. At the time of writing, the opening of such negotiations had not yet been decided, but swift progress is being made by both sides towards the objective of a DCFTA. The DCFTA will be an integral part of the Association Agreement.

Consequences for the CIB of the expected change of legal basis for contractual relations

Two important characteristics of the future Association Agreement should be stressed:

- The focus on regulatory approximation, which demands a major reinforcement of capacity in preparing and enacting legislation, as well as in implementation and enforcement, with obvious implications for the co-ordination of the legislative programme in Moldova
- The need to upgrade capacity in certain key, specific functions if Moldova is to exploit the Association Agreement to its full potential.

Role of the CIB in supporting the future Association Agreement

The CIB has been proposed by the European Commission as part of the Moldova National Indicative Programme (NIP) 2011-2013. Since the NIP includes among its sub-

³ Since the NIP 2011-2013 includes among its sub-priorities Public Administration Reform, Rule of Law, Human Rights and Facilitation of a Deep and Comprehensive Free Trade Area, it is important to stress that the CIB is not a substitute for existing or future ENPI support to these areas, and in particular to the EU High Level Policy Advisory Mission to Moldova. Instead, it focuses on critical institutional bottlenecks.

priorities good governance (including public administration reform), rule of law reform and facilitation of the Association Agreement, it is important to stress two points:

- Firstly, that CIB does not replace but rather strengthens and complements other support to these areas, by focusing on pressing institutional challenges.
- Secondly, that there is inter-dependence between the CIB and other approaches under the NIP 2011-2013 in addressing institutional capacity-related issues. For example, progress toward a sector reform programme for rule of law reform will ensure a more effective judiciary and law enforcement system, and will in turn drive forward institutional development in specific rule of law related areas.

3. Country implementation of commitments and reform agenda

Since 2006, Moldova has built up a track record of intense legislative activity to harmonise its laws and regulation with the EU Acquis. Many successes, such as Moldova's full accession to the Energy Community, have ensued. However, as noted in the annual Progress Reports of the European Commission, the country needs to concentrate on effective implementation and enforcement, and on building up accordingly the capacity of its administration, at all levels. The future Association Agreement will underline this need.

Moldova's main reform agenda, as reflected in the current Government Activity Programme *'European Integration: Freedom, Democracy, Welfare'* for 2009-2013 and, with a focus on priorities for external assistance, in the *"Rethink Moldova"* document presented to the consultative meeting of donors on Moldova (24 March 2010), can be summarised as follows:

European Integration

Moldova regards European integration as a fundamental priority of its domestic and foreign policies. The full achievement of this objective is expected to embark the country on a course of stability and prosperity, driven by democratic values and respect for human rights. At the same time, the government sees responsible implementation of the commitments deriving from the 'European course' as the most effective way to achieve internal transformation of the country. Emphasis is placed on fundamental freedoms, independence of the judiciary and the prosecution, and the liberalisation of the economy.

Reintegration of the Country

The reintegration of the Eastern districts of Moldova is a fundamental objective. 'Europeanisation' of the country is seen to play an important role in this regard.

Rule of Law

Moldova pursues reforms to ensure the separation and independence of the legislative, executive and judicial powers, enforcement of law and effective equality of all citizens before the law. Other objectives under that priority are to protect human rights, improve Moldova's capacity to attract investment, fight corruption and combat criminality thanks to a well-organised law enforcement system.

Overcoming the Economic Crisis and Ensuring Inclusive Economic Growth

Moldova's objective is to change the country development pattern from a consumption-driven economy to an economy based on investment, innovation and competitiveness. This requires a higher competitiveness of the economy, modernised infrastructure, appropriately qualified human resources, and a friendly business environment in a responsible and stable legal environment.

Public Administration Reform (including Civil Service Reform), Decentralisation of Power and Ensuring Local Autonomy

Moldova aims to put an end to the system of vertically organised executive power that has prevailed so far, and replace it with a coordinated system of decentralised, transparent and flexible entities endowed with an adequate and properly managed resource base.

This agenda is fully compatible with the goals agreed in the EU-Moldova Action Plan 2005, which will therefore provide a convenient framework to monitor implementation of the CIB.

4. Key reform challenges in advancing towards and implementing the EU-Moldova Action Plan and the future Association Agreement

Three main, clearly interrelated, reform challenges have been identified.

4.1 Enabling public administration institutions to implement structural reform

Efforts to effectively implement structural reform have been significantly enhanced over time. Yet, the main obstacle remains the capacity of the public administration to implement Action Plan commitments and ensure consistency between domestic policy and “European integration” objectives. This will be exacerbated with the entry into force of the Association Agreement, which enshrines wider-ranging, deeper commitments.

Moldova’s on-going efforts to reform the public administration through a framework of institutional development plans and monitoring mechanisms need therefore to be pursued and strengthened, keeping in mind the need for coherence and compatibility with the entirety of the future Association Agreement. In particular, the need to reform the public financial management system remains high on the agenda set by the future Association Agreement. As well as catering to horizontal issues, such as the focus on human resources development, it is important to prevent “small drawbacks” which hinder the effective application of EU standards and the introduction of specific reforms. Modernisation is another overarching aspect, including facilitation of e-governance practices designed to improve service delivery to businesses and the public.

4.2 Ensuring respect for the rule of law, human rights and fundamental freedoms

Enforcement is of the essence in particular in the rule of law area. Progress has been made in fighting corruption and money laundering as well as on judiciary reform and the implementation of the rulings of the European Court of Human Rights. More generally, Moldova is committed to tackling seriously its outstanding issues of human rights and fundamental freedoms. Key challenges will be to ensure adequate justice administration, proper implementation of guarantees for human rights and fundamental freedoms by the law enforcement bodies, the neutrality of the public media and the promotion of a pluralistic media environment, and to increase the overall efficiency and risk-based development of the mechanisms set in place to tackle corruption.

4.3 Advancing Moldova towards a possible DCFTA

Moldova has achieved good progress in the sectoral fields covered by the EU-Moldova Action Plan, in particular in the areas of customs, sanitary and phytosanitary standards, financial services and energy⁴. These are key sectors in the future perspective of a DCFTA.

Yet, key challenges remain with the need to strengthen the mechanisms meant to ensure proper and effective implementation of sectoral legislation and standards, as demonstrated for instance by Moldova’s difficulties in applying consistently EU compatible sanitary and phyto-sanitary standards. Streamlining of the EU Acquis in a comprehensive manner into new legislation, maintenance of the latter as the EU Acquis itself develops, lack of

⁴ As from 1 May 2010 Moldova became a full member of the Energy Community, which it will chair in 2011.

capacity to enforce primary legislation, and to develop and implement secondary legislation in DCFTA relevant areas stand in Moldova's way towards a DCFTA.

5. Identification of core institutions

To improve the strategic planning system and to introduce a practice of medium-term planning across central public administration, the Moldovan Government has requested ministries and other central administrative authorities to draft Institutional Development Plans (IDPs). In January 2008, the Government approved a methodology for drafting IDPs. All central public authorities developed a first generation of IDPs for the period 2008-2011, with the support of the Multi-Donor Trust Fund (with contributions from DFID, SIDA and the Dutch Government).

Based on the results of the monitoring of IDP implementation, the State Chancellery engaged, in 2010, in a re-evaluation of its IDP methodology, to be finalised in November 2010. According to the new methodology, central public administration authorities will have to develop Strategic Development Programmes (SDPs) for the period 2011-2015. These SDPs will be coordinated by the State Chancellery, approved by the relevant Minister, and will be the medium-term reference for implementation of the CIB programme. It is therefore particularly important that all stakeholders, including the European Commission and other donors intending to support the objectives of the CIB, are closely involved in the SDP elaboration process.

The institutions listed in this Framework Document, and grouped in three institutional clusters, are included on an indicative basis, to take account of the possibility of government restructuring and the further evolution of Association Agreement negotiations, especially those aspects related to regulatory approximation with strong institutional implications.

5.1 Core institutional cluster for reform challenge One: Reforming the public administration to ensure capacity to implement EU-Moldova Action Plan / Association Agreement commitments

5.1.1 Overview of priority reform needs

Further progress on the EU-Moldova Action Plan and on preparing the implementation of the future Association Agreement will require:

- A civil service able to steer European integration in its areas of responsibility and understand the institutional connection to this process, and bring primary and secondary legislation in line with the EU Acquis.
- A civil service with substantially improved performance and productivity. This effort should target, in particular, public financial management in line with international standards and best practice⁵ and an efficient system of public procurement, through a.o. increased transparency, economies of scale, automated control and the equality of tenderers with regard to information on public procurement procedures.
- Accordingly, the introduction of new tools of e-Government and e-Transformation throughout the Moldovan administration.

5.1.2 Core institutions in the area (indicative list)

One institution with horizontal functions and two in the key sector of public financial management have been identified as constituting the core institutional cluster to tackle the reform needs above:

⁵ With particular reference to international public internal financial control standards.

- The *State Chancellery* coordinates and ensures the strategic planning process across the central public administration and sets the methodological and organisational framework for public decision-making. It coordinates and monitors the performance of central public administration authorities, including activities linked with their own reforming, in order to achieve the country's strategic European integration objective. Also, the State Chancellery manages the process of programming, monitoring, managing and evaluating external assistance to Moldova.
- The *Ministry of Finance (MoF)* is responsible for implementing the reform of the public financial management system, including the procedures for the authorisation and control of public expenditure.
- The *Public Procurement Agency (PPA)* was set up to centralise a number of key steps of the procurement process by public administrations of all levels, including the publication of procurement notices, and the registration of procurement contracts. In addition, it carries out the training of those involved in public procurement and deals with the appeals filed by business operators.

5.1.3 National reform activities under implementation

- An Inter-Ministerial Strategic Planning Committee, headed by the Prime Minister was established in 2008.
- Institutional responsibilities are being streamlined as per the conclusions of functional analyses performed with external assistance. A Policy, Strategic Planning and External Aid Coordination Division, a Personnel Policy Division, a European Integration Bureau and a Reintegration Bureau were set up with the State Chancellery.
- As earlier mentioned, IDPs were developed for key administrations, starting with the State Chancellery.
- Following the establishment of a Public Procurement Agency, an automated information system on public procurement procedures and notices is being put in place, along with the implementation of a national Action Plan on public procurement.
- In December 2009 a National Participative Council - a forum aimed to allow for dialogue between the government and civil society - was created.

5.1.4 Assistance activities in place and planned; Possible partners from EU MS and other donors

Several donors, including the World Bank, SIDA, DFID and the Dutch Government are helping Moldova further conduct the reform of its civil service.

Past activities have dealt with the above-mentioned functional review; the development of IDPs for all central public administration authorities; implementing the law on the transparency of the public decision-making process (project underway); making ex-ante impact analyses of future legislation; training; and developing the use of ICT to reduce bureaucracy and upgrade the quality of public services for the citizens and the businesses. In addition, assistance has been received to implement a new performance appraisal and remuneration system for civil servants.

The EU is also providing assistance through a twinning project 'Support to the Public Procurement System in Moldova' (started in October 2010).

5.1.5 Objectives and expected outcome of the Strategic Development Programmes

- Improved policy coordination, development, monitoring and assessment and strategic planning systems.
- Strengthened civil servants' skills in adjusting public policies and bringing the legislation in line with European integration standards.
- A corps of professional and motivated civil servants operating for the benefit of the society and contribute to reducing institutional corruption risks.
- An efficient and transparent decision making process in place across the government.
- An automated, transparent, centrally supervised, and simplified system of public procurement in line with EU and WTO requirements and best international practices.
- Fast and effective treatment of appeals lodged by economic operators with regard to the outcome of public procurement processes.

5.2 Core institutional cluster for reform challenge Two: Ensuring respect for the rule of law, human rights and fundamental freedoms

5.2.1 Overview of priority reform needs

Further progress towards ensuring respect for the rule of law, human rights and fundamental freedoms will require dramatic changes in the institutions in charge of the administration of justice and the maintenance of public order, including the fight against corruption. Achieving reform and efficiency in the area calls for:

- Well-defined functions and powers of the various components of the judicial system, the prosecution and the law enforcement bodies, in line with European standards;
- An administration of justice carried out without undue interference from the executive or from interested parties other than the executive, and of public order in full respect of the need to protect human rights and allow the exercise of fundamental freedoms;
- A very significant reduction of the level of corruption, which has serious consequences for Moldova's aspiration to European integration; for this to be achieved, Moldova will need, beyond specialised institutions for fighting corruption within the administration, law enforcement and the judiciary, a full political commitment towards a zero-tolerance policy as regards corruption, and at all levels an integrative approach to anti-corruption measures;
- A strengthened administrative capacity of the institutions involved in the administration of justice, public order and in particular the fight against corruption, including to implement reform / change; and in particular the commitments resulting from the future Association Agreement;
- A transparent system of accountability of judicial and law-enforcement bodies to the citizens;
- Improved inter-agency cooperation; and
- As means to achieve in-depth reform, revised performance assessment systems and significant re-training of the staff, and improvement of the technical base, of the institutions concerned with the administration of justice and public order.

5.2.2 Core institutions in the area (indicative list)

In addition to the Ministry of Justice and the Ombudsman Office, which are expected to continue to enjoy comprehensive donor support outside the CIB programme, three key institutions have been identified to tackle the reform needs above:

- The *General Prosecutor's Office* represents the interests of the society in protecting legal order, citizens' rights and freedoms. It represents prosecution in courts, carries

on penal prosecution, carries out control over the detention legality and supervises the execution of judges' orders.

- The *Ministry of Internal Affairs* is the institution in charge of preventing and combating crime, maintaining public order, providing assistance in cases of natural disasters and crisis. These functions are performed by specialized subdivisions at the central and the local levels, by a large number of staff.
- The *Centre for Combating Economic Crimes and Corruption (CCECC)* is in charge of preventing, detecting, and fighting economic and financial crimes, counteracting corruption, preventing and combating money laundering and the financing of terrorist activities.

5.2.3 National reform activities under implementation

Moldova is party to a series of conventions and international acts regarding the protection of human rights and fundamental freedoms as well as in the field of fight against corruption, and financial crime. It has complied with the ratification commitments in the EU-Moldova Action Plan, with the exception of the Convention on Migrant Workers. Moldova also actively cooperates with the UN human rights mechanisms and has extended a standing invitation to all UN Special Procedures. The Moldovan authorities have therefore taken legislative measures designed to implement their commitments. Recent legislative improvements (such as the Law on the Prosecutor's office of December 2008, which formed self-regulating bodies for prosecutors with a view to strengthen their independence) have entered into their implementation phase.

At the institutional level, preparatory work is also well advanced. For instance, a "*Concept of the reform of the Ministry of Internal Affairs*" has been prepared, and a detailed roadmap for implementing this Concept is being put together with the support of the EU High Level Advisory Mission. An Institutional Development Plan 2008-2011 was adopted in October 2008 for the CCECC. Several ancillary initiatives have taken place: training programmes; self-assessments of risks (such as the risk of corruption) and preparation of integrity plans.

5.2.4 Assistance activities in place and planned; Possible partners from EU MS and other donors

Several donors are currently providing assistance or have expressed their wish to help Moldova further conduct the reform of judicial and law enforcement system. However, the judiciary system excluded, limited assistance only has been, and will be, received by the core institutions identified in the present Framework Document.

Following the April 2009 events, the EU and the Council of Europe designed a Democracy Support Project that targets urgent issues in rule of law (professional training of judges and prosecutors) and the protection of human rights (joint programme for combating torture, ill-treatment and impunity). Other donors have provided complementary assistance (USAID: training of prosecutors, institutional assessment of the Ministry of Internal Affairs; Germany: training; Norway: rule of law mission; Romania: advice on change management at the Ministry of Internal Affairs; The Netherlands: enhancing public participation in fighting corruption). The Threshold Country Programme under the US Millennium Challenge Programme helped redesign the structure of the CCECC. A dedicated training centre was created as well as the Civil Council allowing monitoring of CCECC activities and results by civil society representatives.

Planned activities encompass the re-equipment of essential facilities, such as further EU approximation; the forensic laboratories of the Ministry of Internal Affairs and the General Prosecutor's Office; the orderly transfer of pre-trial detention facilities to the Ministry of Justice; the revamping of the core institutions' personnel policy; the creation

of reliable internal telecommunication networks for exchange of operational information. The CCECC will enjoy the assistance of the EU-funded ‘*Support to the implementation of EU-Moldova Agreements*’ project for the assessment of the anti-corruption field and to prepare recommendations for the next-generation IDP. The Ministry of Internal Affairs receives support from the EU High Level Advisory Mission.

5.2.5 Objectives and expected outcome of the Strategic Development Programmes

- To ensure a proper balance of the institutional structures in charge of enforcing respect for the rule of law, human rights and fundamental freedoms. In particular, balance between the General Prosecutor and the collegial body of prosecutors.
- Improved policy coordination, development, monitoring and assessment and strategic planning systems, particularly in view of fulfilling Moldova’s international commitments in the concerned areas;
- Professionally equipped institutions, with adequately trained personnel conditioned to act as an honest and professional body;
- Quality of service rendered to society by the concerned institutions, in line with European integration standards. In particular, police forces aim to act as a protector of the rule of law, a guarantor of the state in society and a service provider to citizens, based on respect for law and professional ethics;
- Improved quality of (evidence-based) policy-making by the concerned institutions;
- Significantly improved internal information systems and related information databases.
- Increased public awareness on the damaging effects of corruption and on complaint bodies.
- Developed interaction between the concerned institutions and the public, ability to implement a concept of full accountability of the institutions towards society.

5.3 Core institutional cluster for reform challenge Three: Preparing Moldova in view of a future DCFTA

5.3.1 Overview of priority reform needs

Further progress towards preparing Moldova in view of a future DCFTA will require:

- Implementation of the ‘key recommendations’ submitted to that end by the European Commission, in line with the Action Plan prepared by the Moldovan government;
- In-depth reflection on Moldova’s economic model and the definition of a path towards a more resilient model based on knowledge, investment, enhanced productivity and higher competitiveness;
- Professionally equipped institutions⁶, with clarified responsibilities (avoiding duplication of functions), and sufficient and adequately trained personnel, able to improve their policy-setting capacity and to interact actively with the DCFTA negotiating and implementing process. Ability to identify and address existing tariff and non-tariff barriers to trade, for agricultural and industrial products, and services;
- Significant further approximation efforts to EU norms and standards, in particular market regulation rules, in all sectors. At the same time, implementation of sectoral strategies or action plans (e.g. in the area of energy, e-commerce, sanitary and phyto-

⁶ Noting the particular importance of an adequate network of reference testing laboratories and of information technology systems in line with the technologies used in EU sister organisations.

sanitary control, food traceability, consumer protection, enforcement of intellectual property rights) and existing laws designed to harmonise the trade-related legal framework to the EU Acquis;

- Implementation of EU best practices in trade-related areas, such as quality assurance, the protection of competition or the financial management of agricultural programmes;
- Significant upgrading of the consumer protection system, including the development of a network of inspectorates and support to the establishment of independent consumer protection mechanisms;
- Implementation of DCFTA communication plan. At the same time, a country trade facilitation strategy in view of helping Moldovan businesses (in particular small and medium enterprises), and Moldovan regions, to realise the export opportunities generated by the future DCFTA, including though adequate investment-support and financing schemes (e.g. a “SME matching grant scheme”);
- Development of an entrepreneurship and innovation culture through enhanced general and vocational training systems, to be eased by the simplification of business procedures;
- Adequate prioritisation of DCFTA objectives in Moldova’s medium-term expenditure framework (MTEF). Inclusion of business support mechanisms and agencies (like ODIMM and MIEPO) into the MTEF.

5.3.2 Core institutions in the area (indicative list)

- The Ministry of Economy (MoE)
- The National Agency for the Protection of Competition (NAPC)
- The State Agency on Intellectual Property of the Republic of Moldova (AGEPI)
- The Ministry of Agriculture and Food Industry (MAFI)
- The General Inspectorate for Phyto-sanitary Surveillance and Seed Control (GISC)
- The Sanitary-Veterinary and Animal Origin Food Safety Agency (FSA)
- The Ministry of Health’s Public Health Service, which is in charge of the control of non-animal food products (PHS).

5.3.3 National reform activities under implementation

Significant trade liberalisation took place in 2009-2010, including the liberalisation of foreign trade rules for meat and fish, and the start of implementation of new laws on electricity and gas markets, adopted in view of Moldova’s accession to the Energy Community Treaty. A number of measures to support SMEs as well as business activities in rural areas have been decided (some with the support of the EU). A new consumer protection strategy has been recently adopted and an Action Plan in the area of competition and State aid is being implemented, while a host of legislative initiatives is under preparation: amendments to the Competition Law and to intellectual property protection legislation; draft Competition Code; draft Law on State aid; on-going harmonisation of secondary legislation in the area of sanitary and phyto-sanitary control and others.

At the same time, progress has been registered towards the accreditation of reference laboratories, such as the Central Veterinary Laboratory. Action plans of phyto-sanitary measures in support of high-value horticulture crops and to monitor pesticide residues in vegetal products (developed with EU assistance) are being partially implemented (for lack of sufficient resources for full implementation).

While the MAFI has engaged in an institutional restructuring project, to the success of which the CIB is expected to contribute decisively, all concerned institutions have

engaged to various degrees in extensive training efforts meant to facilitate the preparation, and implementation of EU compliant legislation.

More recently, the Moldovan government has prepared an Action Plan to implement the Key recommendations to be implemented in view of starting negotiations with the European Commission on a future DCFTA.

5.3.4 Assistance activities in place and planned

Several donors, including the World Bank, the EBRD, SIDA, DFID, Hungary, Norway, USAID, Japan and the EU have recently helped Moldova implement reforms in DCFTA relevant areas, although in a fragmented manner:

- The EU ‘Support to the implementation of EU-Moldova Agreements’ project has contributed to EU approximation of trade-related legislation, mainly in the phyto-sanitary and veterinary sectors.
- Energy projects (World Bank, SIDA) have focused on the reliability of electricity supply and energy efficiency or renewable sources of energy;
- SME Development projects (USAID, Japan, EBRD, Norway) have aimed at stimulating business activity, including in rural areas;
- Anticipating on the CIB Programme, the NAPC plans to start as soon as possible an EU-funded Twinning project oriented specifically towards strengthening the capacity of NAPC in investigating cases; improving the legal framework in competition and state aid; raising awareness of public authorities, business environment, civil society, as well as of the judges who deal with competition files; and establishing a mechanism for monitoring state aid.
- Similarly, the AGEPI starts in November 2010 a Twinning project with the Danish Trademark and Patent Office. Yet, the twinning project will not address all issues that require attention in view of a DCFTA.
- The Hungarian government granted €20,000 to the GISC (in 2008) for the purchase of laboratory equipment.
- USAID, through the ‘Agricultural Policy Project’, helps the MAFI through the conduct of the latter’s above-mentioned restructuring plan. Yet, the plan does not address issues of key importance in view of a DCFTA, such as legal approximation, personnel training and management, or financial management aspects.

5.3.5 Objectives and expected outcome of the Strategic Development Programmes

- Strengthened institutional and management capacity of each concerned institution as well as of the concerned institutions as a whole through improved policy leadership and coordination⁷, in view of successful implementation of the ‘key recommendations’ and, at a later stage, in view of successful DCFTA negotiations and implementation of Moldova’s related commitments⁸;
- Capacity to act professionally, with adequately trained personnel, adequate information systems and related information databases⁹, and equipment¹⁰;

⁷ Coordination with institutions which are not listed in paragraph 5.3.2 will be also important.

⁸ As noted earlier, such institutional strengthening may require a re-organisation of the concerned institutions and a clarification of their respective areas of responsibility.

⁹ Keeping in mind the objectives of integrating the concerned institutions to the maximum extent possible into European data exchange systems; developing comprehensive national information networks (for instance, in the fields of product traceability or the enforcement of intellectual property rights); and developing where necessary procedures for collecting

- Improved quality of policy analysis (including through the upgrading of the capacity of the scientific institutions, affiliated to the concerned institutions, in charge of policy preparation), policy making, policy implementation (including in the area of harmonisation of the legal framework and with regard to the revision of existing sectoral strategies and action plans) and policy evaluation by the concerned institutions;
- Consolidation of awareness of the political decision-makers in view of facilitating the adoption of laws and regulations necessary for a swift modernisation of DCFTA-relevant pieces of legislation;
- Improvement of the quality of services rendered by the concerned institutions to Moldovan citizens and legal entities, notably through the implementation of EU standards or best practices (such as WIPO standards for patenting / registration procedures);
- Increased public awareness on DCFTA and DCFTA-related matters and developed interaction between the concerned institutions and the public.

6. General preconditions for successful implementation of the CIB programme

Successful implementation of the Strategic Development Programmes requires a carefully designed planning process based on its due prioritisation and its further proper sequencing. Its success also requires necessary legislative measures, an appropriate and clear division of competences as well as public awareness actions. The current institutional set-up should be possibly reviewed with an aim to ensure sufficient capacity for the steering and implementation of the future Association Agreement. General preconditions for the CIB Programme to succeed would include otherwise:

- The continued political will to pursue and implement reforms, including through the means offered by the CIB, both at the central and at the institutions' level
- The availability of adequate Government resources to implement reforms
- Improved coordination of external aid for efficient use of donor resources in support of reforms
- Increased transparency in decision-making process and participatory approach to the reform process
- Improved inter-agency and international cooperation and coordination
- Lower staff turnover, meaning also better employment conditions for civil servants
- Necessary regulatory framework in place for structural reorganisation
- Procedures and mechanisms put in place for monitoring reform implementation

7. Possible tools for CIB implementation

As an indication, the non-exhaustive list below summarises the tools identified in the course of the preparation of the present document to achieve the three core objectives of the CIB:

- Pools of experts for specific CIB reform challenges;
- Twinning projects;
- Administrative internships/secondments in EU Member States and from EU Member States to Moldova;
- Specialised training programmes in Association Agreement, EU legislation and DCFTA relevant topics (such as the Better Training for Safer Food Programme of the European Commission);

information, in interaction with all relevant stakeholders. 'Databases' may also refer to documentation centres.

- Provision of support to the CIB coordination body;
- Technical assistance, including also ad hoc seminars and conferences;
- TAIEX assessment missions, study visits and workshops;
- Short-term expertise provided by SIGMA programme;
- Scholarships in specialised programmes and studies;
- Provision of equipment and/or specialised infrastructure, in priority where this is necessary to meet EU norms and standards.

The specific choice of financial instruments to be used for the CIB will be elaborated on the basis of the Strategic Development Programmes.

8. Resources

A budget of €41.16 million is earmarked indicatively for the CIB in the ENPI National Indicative Programme 2011-2013. Other ENPI resources, including those directed to Twinning, TAIEX and SIGMA, will also complement the CIB and, in agreement with Moldova, additional resources can be redirected to the CIB. It is important to ensure complementarity and coherence in implementation between the CIB and other measures financed from ENPI allocations under the NIP. For each cluster of institutions, the EU will closely coordinate with the Moldovan Government to identify which institutions and/or activities among those included in the Strategic Development Programmes will receive priority support through the CIB.

The CIB will be co-financed by Moldova. In the case of twinning and technical assistance operations, Moldova undertakes to provide offices and counterpart staff. In the case of purchases of equipment or upgrading of specialized infrastructure, Moldova undertakes to make a minimum financial contribution of 20%. Co-financing arrangements will be laid down in the relevant Financing Agreements.

All contracts implementing the action will be awarded and implemented in accordance with the procedures and standard documents laid down and published by the relevant European institution for the implementation of external operations.

The CIB is open to co-financing and contributions in kind (e.g. through secondments) from other donors, with whom initial consultations have been held. Details of joint and complementary activities will be set out in the Strategic Development Programmes.

9. Complementarity and synergies

Complementarity with ENPI support is a key feature of the CIB. Budget support and other institutional measures relevant to the Association Agreement and preparations for a possible DCFTA will also be considered for support under the National Indicative Programme.

The CIB foresees the participation of EU Member States and other donors willing to contribute. Information has been provided to the Member States and other donors in Chisinau, focusing on how other partners can be best involved (i.e. expertise, training and secondment opportunities, funding etc).

Once the key institutions have been identified and work on the Strategic Development Programmes has begun, EU Member States willing to associate themselves with the design and implementation of the SDPs for a given institution or cluster of institutions will be fully involved (joint missions, participation in the steering and monitoring mechanisms).

10. Monitoring arrangements

The European Commission and Moldova will review on an annual basis the progress made in the implementation of the CIB. The PCA Cooperation Committee (or its

successor body under the future Association Agreement) will be given the task of conducting the annual reviews. To achieve an overview of CIB implementation, and to contribute to the annual review, periodic and systematic assessments will be undertaken by the CIB Co-ordinator and the relevant European institution.

Regular monitoring of EU assistance delivered through the CIB may lead to reallocation of funds among the different institutional clusters and Strategic Development Programmes. To ensure full coherence with other EU interventions, and with the policy goals of EU-Moldova co-operation in general, the CIB will be one of the points on the agenda of Annual meeting of the Cooperation Committee (or its successor body under the future Association Agreement).

At the level of Strategic Development Programmes, Moldova undertakes to set up a Working Group for each concerned institution, led by the beneficiary institution, involving the Moldovan CIB Coordinator, the European Commission and other co-financing donors for elaboration of the SDPs. Once support to a specific SDP will be decided, the relevant Project Steering Committee will be set up to be the main platform for monitoring implementation of the CIB programme for the given institution.

Proper monitoring of the coherence of action across the various beneficiary institutions in a given institutional cluster will be of particular relevance to the successful implementation of the CIB. This will imply that the Moldovan Government develops institutional reform plans at the level of each of the three identified clusters for overall guidance and monitoring purposes.

11. Final provisions

Decision on funding will be subject to availability of funds and authorisation of the budgetary authority and is also subject to the opinion of the ENPI management committee.

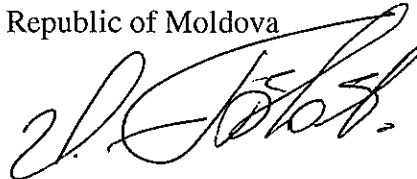
This Framework Document records political intent only, does not contain legal obligations, and the two sides do not intend to create any.

FOR THE COMMISSION

FOR THE BENEFICIARY

Ambassador Dirk Schuebel
Head of the European Union Delegation
to the Republic of Moldova

Mr. Vladimir Filat
Prime Minister of the Government of the
Republic of Moldova



Date

24 NOV. 2010

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