



**ANNEX 2**

of the Commission Implementing Decision on the Annual Action Programme 2016 in favour  
of the Republic of Moldova

**Action Document for Technical Cooperation Facility 2016**

**INFORMATION FOR POTENTIAL GRANT APPLICANTS**

**WORK PROGRAMME FOR GRANTS**

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning calls for proposals: 5.3.1 Grants: indicatively 2 calls for proposals in the framework of the Twinning programme (direct management).

<b>1. Title/basic act/ CRIS number</b>	Technical Cooperation Facility 2016 CRIS number: ENI/2016/039-553 financed under European Neighbourhood Instrument			
<b>2. Zone benefiting from the action/location</b>	Republic of Moldova The action shall be carried out at the following location: the whole territory of the Republic of Moldova			
<b>3. Programming document</b>	Single Support Framework (SSF) for EU Support to the Republic of Moldova (2014-2017)			
<b>4. Sector of concentration/ thematic area</b>	Complementary support for capacity development and institution building			
<b>5. Amounts concerned</b>	Total estimated cost: EUR 29 million Total amount of EU budget contribution EUR 29 million			
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Direct management – grants (twinning calls for proposals) and procurement of services			
<b>7 a) DAC code(s)</b>	15110 Public sector policy and administrative management			
<b>b) Main Delivery Channel</b>	10000 - PUBLIC SECTOR INSTITUTIONS			
<b>8. Markers (from</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>

<b>CRIS DAC form)</b>	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	X	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	N/A			

## SUMMARY

The overarching framework of cooperation between the EU and Moldova is the Single Support Framework (SSF) 2014-2017. The proposed "Technical Cooperation Facility" is funded under the heading of complementary measures dedicated to the implementation of priority commitments deriving from the EU Association Agreement.

The proposed "Technical Cooperation Facility 2016" aims to facilitate structured monitoring dialogue and institution building capacities for the implementation of the EU-Moldova Association Agreement (AA) commitment. Technical assistance will also aim to develop the at present weak aid coordination capacities and improve the capacity of governmental institutions in designing and coordinating projects as part of a new project preparation facility. Moreover, the action intends to support the further development of communication, as well as increase the capacity for spatial planning (including land use and urban planning as main components) and enhanced fight against money laundering.

## 1 CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

The Republic of Moldova is a landlocked country bordering Romania and Ukraine, with a resident population of 3.5 million. It is a lower-middle-income country with a GDP of EUR 1,687 per capita in 2014. At the beginning of 2015, 58.6% of men and 56.7% of women were living in rural areas. Per capita disposable incomes in rural areas were 28.7% lower than in urban areas in 2014.

Since the last parliamentary elections (November 2014), there have been several short-lived governments succeeding each other.

Given important deadlocks in implementation of structural reforms, the Council of the European Union conclusions on the Republic of Moldova (15th February 2016) recommend

an "accelerated implementation of the AA". Stalled reforms relate to inter alia: the de-politicisation of state institutions; the prevention and fight against systemic corruption; and public administration reform aiming to enhance the effectiveness of regulatory bodies, transparency and accountability in the management of public finances and policy making. The Council Conclusions also welcomed the Republic of Moldova's commitment to handle the Transnistrian settlement process as a key priority, as well as the interest to resume the negotiations as soon as possible. The establishment of a permanent working group between the Parliament of Moldova and the Gagauz People's Assembly was mentioned as a positive development.

Stability in the banking sector, and as a result in the economy as a whole, has been severely undermined by a major banking fraud scandal in which possibly up to USD 1 billion was allegedly fraudulently diverted from three major banks (Banca de Economii, Banca Sociala, Unibanka). These banks were liquidated in 2015 under supervision of the National Bank of Moldova. The main concern is insufficient progress of reforms to increase transparency and stability of the banking sector. Around 80% of the total commercial sector's banking assets are either under special administration or special supervision (Victoriabank, Moldindconbank, Moldova-Agroindbank) by the National Bank of Moldova. The non-banking financial sector, especially the insurance sector, is also facing structural problems as a result of weak oversight and poor corporate governance.

Volatility of economic performance is likely to increase in the coming years due to downward pressures on the economy. This includes the following: CIS and Russia slowdown, or possible crises due to dependence on remittances, exports, and capital inflows; increased lack of competitiveness due to several factors, notably the lack of incentives for innovation due to remittance-led consumption growth; and increased frequency and severity of climate related events, impacting agricultural productivity.

The macro-fiscal situation is a source of increasing concern with revenues lagging behind and budget deficit increasing, not least as a result of monetary financing of the banks currently under special administration. If not addressed, this may lead to serious consequences for the country, as the macro-economic and fiscal indicators continued to worsen during 2015. Conclusion of a new agreement with the IMF is therefore urgently needed.

The EU approximation in the context of the implementation of the Association Agreement remains as the foremost political project of the Government of Moldova and, therefore, continuous support must be provided to the authorities for ensuring a successful and complete implementation.

According to the Council Conclusions from February 2016: effective, strategic communication, including in cooperation with civil society and independent media on the reforms achieved and to be undertaken in the framework of the AA including its Deep and Comprehensive Free Trade Area, is of key importance in raising awareness amongst citizens of the Republic of Moldova about the benefits expected from the political association and economic integration with the European Union.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

Since 2005, EU approximation has been a consistent, fundamental priority of Moldova's domestic and foreign policy. The Moldovan Government is committed to the principles of the

Eastern Partnership (EaP), namely enhanced political association and closer economic integration. These goals are reflected in the Government Activity Programme 2015, Government's programme "European Integration: Freedom, Democracy, Welfare 2011-2014", in the National Development Strategy ("Moldova 2020"), and in the National Action Plan on the implementation of the EU-Republic of Moldova AA 2014-2016.

The AA safeguards commitments in a wide range of sectors with important obligations in various areas. Monitoring the AA's implementation falls under the responsibility of the Ministry of Foreign Affairs and European Integration. According to the SIGMA baseline assessment of the functioning of Public Administration (completed in March 2016), gaps in terms of implementation of AA identified by the MFAEI are not budgeted for policy development. The MFAEI coordinates and supervises the actions to be performed by line Ministries for the implementation of the AA. According to SIGMA there is no adequate coordination of the policy development process within the Centre of Government (Ministry of Finance (in charge of budgeting) and the State Chancellery (in charge of policy and aid coordination)).

Only 25% of the commitments undertaken under the Annual Action Plan for the implementation of the AA were implemented in 2015. The main reasons for such a low level of implementation, according to the Moldovan authorities, are political instability and budgetary constraints.

### **1.1.2 Stakeholder analysis**

The key stakeholders of the Technical Cooperation Facility will be the State Chancellery and the ministries concerned, other central executive bodies and certain relevant civil society groups.

This action will be coordinated by the State Chancellery in its capacity as National Aid Coordinator. The Ministry of Foreign Affairs and European Integration will be closely associated as the coordinating ministry in charge of monitoring implementation of the AA.

Given the indicative thematic priorities of this action, the following key Moldovan stakeholders will play a major role in the action's implementation process:

<b>Area</b>	<b>Stakeholders</b>
Monitoring of AA and Legal Approximation	Ministry of Foreign Affairs and European Integration Ministry of Justice (Centre for Legal Approximation-CLA) Governmental Commission for European Integration (EI)
Structural Policy Dialogue and Aid Coordination	Prime Minister's Office State Chancellery Line Ministries Civil Society Organisations
Project Preparation Facility	State Chancellery National Council for Public Administration Reform Ministry of Finance Line Ministries and other Executive Authorities
Rule of Law	Ministry of Justice General Prosecutor's Office National Anti-Corruption Centre (Office of Prevention and Fight against Money Laundering) Ministry of Internal Affairs

Area	Stakeholders
	General Police Inspectorate National Integrity Centre
Communication Strategy	Prime Minister's Office (Government's Press Office) State Chancellery Line Ministries and other Administrative Authorities
National Spatial Data Infrastructure	Agency for Land Relations and Cadastre of the Republic of Moldova (ARFC) Central and Local Public Authorities

**1.1.3 Priority areas for support/problem analysis**

Implementation of the AA slowed down in 2015, as proven by the 25% commitments matched under Association Agenda. The wide scope of the sectors included in the AA and the deadlines for legal approximation included in the annexes draw a technically and politically complex scenario.

The Governmental Commission for European Integration (EI) of Moldova is the highest-level political body for inter-ministerial co-ordination on EU approximation-related matters. It is chaired by the Prime Minister, comprises all ministers and is expected to convene at least once a month. In practice, the Governmental Commission met twice in 2014 and four times in 2015.

At political level, the coordination of the implementation of the AAs requires constant structured policy dialogue to ensure proper understanding of the priorities as well as the key technical details of each of the commitments with the EU. The current 2016-2018 EU High Level Advisers' mission provides 26 advisers in a wide range of sectors, whose main goal is to facilitate constant policy dialogue in order to achieve commonly agreed reforms. Given the political volatility of the Republic of Moldova, support must be continuous in order to ensure that the implementation of the AA will be followed.

At technical level, coordination of the implementation of AA requires technical experts that can provide expertise in all sectors. There are a number of challenges that arise from the policy coordination perspective and on how to promote transparency, accountability and inclusiveness of the policy making process. Indeed, policy development process needs to be mainstreamed in order to align all the main stakeholders within the Government of Moldova for effective policy coordination and planning.

There is a need for a more structured policy dialogue between the Government of Moldova and the Civil Society Organisations when it comes to the discussions on the implementation of the Association Agreement. In line with the EU Roadmap for Engagement with Civil Society, this Action will contribute to promote the use of the existing consultation mechanisms developed.

Within the ongoing legal approximation process, roles of the various governmental authorities are as follows: the Centre for Legal Harmonisation (CLH) (under the structure of the Ministry of Justice) is entrusted with checking the legal conformity of all draft laws and other normative acts (secondary legislation) of all central and local administrative bodies. The CLH scrutinises all drafts to ensure approximation with the Acquis (all draft regulations dealing with approximation of the Moldovan legislation with the EU *Acquis* must be accompanied by a table of concordance). The MFAEI is assigned to check drafts from the EI perspective (and,

inter alia, to communicate the results of national approximation activities to the EU bodies), while the MoF is tasked with checking drafts for financial sustainability. Finally, the State Chancellery is responsible for checking the quality of all drafts before deliberation at the Government sessions. This is done by scrutinising drafts for their alignment with the policy and ensuring drafts meet all formal requirements (including explanatory notes and information on public and inter-ministerial consultations). This system, however, is not fully inter-connected and synchronised. This justifies the need for additional, identified EU support.

The CLH should function as an expert institution and be the key player in the legislative approximation (and later harmonisation) process, responsible for checking the compatibility of national draft legislation with EU law. The CLH is currently still underdeveloped in terms of personnel (out of a planned 22, only 11 civil servants are currently employed at the CLH) and in terms of its sustainable functioning (there is a high level of staff fluctuation within this institution). In addition, its current status analysis shows that the existing system for legal approximation is not sufficiently effective and is not well coordinated among the CLH, MFAEI, and other ministries and executive authorities. The allocation of competencies and tasks should be clearly determined among ministries, departments and civil servants with sufficient expertise in different fields of domestic and EU law. Better institutional cooperation is needed among the central legal approximation authority, line ministries, and other state authorities. From this perspective, there is a clear priority to support the existing Moldovan institutions (the CLH, as well as the line ministries and other state authorities) that are involved in the process of legal approximation. Furthermore, it is necessary to consider and analyse whether or how the current legal approximation institutional settings could be reorganised – including possibly placing the CLH in the same building as the Prime Minister's Office.

In terms of cybersecurity, Moldova has clear weaknesses. There is currently no cooperation and information-sharing concerning security incidents and best practices between the main stakeholders (public authorities, IT service providers, banking sector, etc.). This kind of situation has a negative impact on the security of cyber space and provokes a low level of trust amongst citizens and businesses. As a response to the current situation, the Ministry of Information Technologies and Communications has elaborated the national Cyber Security Programme, which was adopted by the Government in 2015. The programme itself is based on the National Strategy for Information Society Development ("Digital Moldova 2020" that was approved by the Government in 2013), as well as on the National Security Strategy, that was approved by the Parliament as early as 2011. Furthermore, the Cyber Security Roadmap was developed with the support of the Estonian e-Governance Academy during 2013 as part of the cyber security project of the e-Governance Academy of Estonia and the e-Government Centre of the Republic of Moldova. Therefore, the existing strategic framework in this domain has been developed and the next step is to implement the objectives of this framework. The implementation of this strategic framework applied to public IT systems will contribute to reduce the possibility of cyberattacks.

An effective implementation of the AA needs a well-coordinated core institutions (State Chancellery and MoF) that could plan, budget and coordinate the policy making process. In case the policy gaps found regarding AA commitments could not be financed by state budget, the Government of Moldova lacks the capacity to identify and formulate projects ready to be financed by Development Partners. Therefore, the current action aims to provide support in building the capacity to establish a Project Preparation Facility.

Aside from the needs arising from the implementation of the AA, three specific projects have been identified to contribute to a successful EU approximation process.

Moldova has weak mechanisms to effectively fight against money-laundering and combat the financing of terrorism due to various factors, as identified in the context of the peer review evaluations carried out by the TAIEX instrument (November 2015 – March 2016). Firstly, the fragmentation of law enforcement bodies linked with financial investigation of criminal activities. Secondly, the lack of adequate tools allowing the Financial Investigation Unit of National Anti-Corruption Centre to perform its mandate. Thirdly, the lack of inter-agency cooperation to investigate money-laundering activities. And finally, the problems related to financial sector governance. Financial sector governance is currently the most challenging of all and already two twinning projects have begun aiming to strengthen two of the main institutions: the National Bank of Moldova and National Commission for Financial Markets. Three EU High Level Advisers (HLA) are currently working on the sector: one directly with FIU on anti-money laundering issues, one on banking within National Bank of Moldova and one on financial governance to the Prime Minister.

The Government of Moldova has limited capacities to perform a structured approach to effective communication of the EU approximation process. There is also a lack of proper understanding of the EU assistance instruments but also, and most importantly, there is a lack of understanding of the EU policies and values to be included in the AA. Despite the fact that the EU is an important actor for Moldovans, according to opinion polls citizens are more sceptical about the benefits of the EU approximation process. According to the Institute of Public Policies, as of November 2015 there are more citizens that would vote against accession to the EU than those in favour<sup>1</sup>. There is a need to build up capacity within the Government of Moldova and ensure structured communication efforts that are sensitive to the purpose meaning and potential benefits of the EU approximation process.

Land use and urban planning are two of the main components of the concept spatial planning, in line with the INSPIRE directive<sup>2</sup> ensuring harmonisation and alignment within the EU. In Moldova, a unified system for the registration of real estate and ownership rights has now been established with territorial cadastral offices forming the state enterprise “Cadastru”. They are responsible for the registration of property and maintenance of the register within their coverage areas. The "Cadastru", under the control of the Agency for Land Relations and Cadaster (ALRC), is the only agency that has the mandate to register land. The real estate registration system is expected to provide security of ownership rights to property owners; bank-secured loans against real estate; necessary information on ownership, location of the property, and property values (for the needs of the real estate market); as well as the basic information to government institutions for statistical purposes, urban planning and land management.

Some shortcomings were found regarding the spatial planning sector:

- Lack of data sharing among governmental, academic, and related organisations;

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<sup>1</sup> <http://www.ipp.md/libview.php?l=ro&idc=156&id=760>.

<sup>2</sup> Directive 2007/2/EC of the European Parliament and of the Council of 14 March 2007 establishing an Infrastructure for Spatial Information in the European Community (INSPIRE)

- Lack of function of coordination body for a national Geographic Information System (GIS);
- Lack of human resources;
- Lack of standards for spatial data;
- Lack of budget for development and/or maintenance of spatial information;
- Lack of communication between private and government sectors on spatial information;
- Inexperience of management and operation of web-services, such as geo-portal.

The ongoing EU Twinning project in this field has laid the foundation for the establishment of the National Spatial Data Infrastructure (NSDI) based on the main principles of the INSPIRE Directive 2007/2. This assistance resulted in some tangible achievements: the execution of the current status analysis regarding special data; preparation of the draft Law on National Spatial Data Infrastructure (which should shortly be formally enacted); preparation of the draft NSDI Strategy; development of the national meta-data profile for Moldova, and the execution of broad capacity building support. In addition to EU support in this domain, the Norwegian Statens Kartverk supports the development of a technical platform for the national geo-portal according to the INSPIRE requirements. Key issues in the current twinning project should be identified and monitored in order to ensure increased harmonisation and alignment with the INSPIRE Directive.

## 2 RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Geopolitical tensions and less favourable economic performance hamper political stability and the Governments' actions.	M	Intensified policy dialogue with the Government and local stakeholders following (and within) the frameworks of the AA and DCFTA.
High macroeconomic volatility and vulnerability of the open Moldovan economy to exogenous shocks. Weakened banking sector due to lack of resolution in the banking crises. Lack of solid financial security.	H	Negotiation of a new Memorandum between IMF and Moldova. Consolidation of reserve assets and strengthening of NBM's and NCFM's independence and regulatory capacities. Increased accountability of top management in financial institutions. An EU High Level Adviser on financial governance was deployed before the Prime Minister in March 2016. An additional EU High Level Adviser covering the banking sector has supported the National Bank of Moldova since February 2016.
Fiscal discipline and transparency of authorities is low. Considerable increase of budget	M	Full implementation of the Law on Public Finance and Fiscal Responsibility to increase fiscal and budgetary discipline.



<p>deficit, and public debt. Insufficient scrutiny of public funds. Slowdown of tax collection.</p>		<p>Enhanced follow-up to the Court of Accounts (CoAs) findings and recommendations. Broadening of the tax base and enhancement of efforts to combat tax evasion. An ongoing twinning project currently supports the CoAs in strengthening oversight of the budget in conjunction with the Parliament of Moldova. In addition, a broader Budget Support operation for Public Finance Policy Reform processes also aims to increase transparency in the management of public funds.</p>
<p>Limited capacity of the Government to effectively perform functions of policy coordination, policy analysis and (regulatory, fiscal, etc.) impact assessments, inter-ministerial coordination and public consultations with reference to EU <i>Acquis</i> approximation process.</p>	H	<p>Support to the Government in ensuring policy coordination and a proper understanding of the requirements in the AA. Support to the Government in strengthening legal approximation capacities. A Technical Assistance project will be launched at the end of 2016 to improve policy coordination between the Ministry of Foreign Affairs and State Chancellery in the context of the implementation of the AA.</p>
<p>Lack of institutional and absorption capacity to ensure longer-term sustainability.</p>	M	<p>Closer coordination between implementing bodies and local stakeholders in defining and agreeing upon operational management structures for long-term sustainability.</p>
<p>High staff turnover and low level of salaries within the civil service.</p>	M	<p>Capacity building and training sessions for management staff within institutions responsible for Human Resources development, managerial accountability and staff detainment. An ongoing Twinning project covers improvement of civil service training. Two Technical Assistance projects to be launched at the end of 2016 will help improve the PAR strategic framework as well as the conditions of public employees.</p>
<p>Lack of integration and cooperation between different state and donor organisations.</p>	M	<p>Clear alignment of projects and activities with the specific articles of the AA and specific objectives of relevant national strategies. Strengthening cooperation and coordination among the most relevant</p>

		<p>institutional structures (State Chancellery, Ministry of Foreign Affairs and European Integration, Ministry of Finance).</p> <p>An EU High Level Adviser has been working with the State Chancellery since March 2016 to improve aid coordination mechanisms.</p>
<p>Political resistance to implementing money laundering risk assessment preventive measures and to increasing public sector transparency.</p>	H	<p>Continuous dialogue with the Government to rigorously apply national and international anti-corruption and money-laundering legislation and rules, as well as monitoring of corruption cases and their legal consequences. Support to the Government in the introduction of the transparency principle within the public administration system, but also achieving full transparency on beneficial ownership of companies.</p> <p>An EU HLA on Anti-Money Laundering has been deployed in the Financial Investigation Unit within the National Anti-Corruption Centre since February 2016.</p>
<p>Free access to public information, public databases and registers is excessively commercialised and transparency of the administrative authorities limited. High risk of cybercrime attacks in public and private sectors.</p>	M	<p>Continuous dialogue with the Government to guarantee both free-access to public information and the non-commercial use of public databases and registers by public authorities and citizens. Promotion of cyber security as an important public policy.</p>
<p><b>Assumptions</b></p>		
<ul style="list-style-type: none"> <li>• The Government of Moldova remains committed and able to allocate sufficient resources to support the implementation of the AA reforms and strategies.</li> <li>• The Government of Moldova remains committed with the reform of the Public Administration based on the Principles of Public Administration and is committed with evidence-based legislative and policy development.</li> <li>• The constituent parts of Moldova’s establishment: Parliament, Government, and the Judiciary remain committed to reforming the justice sector as a whole, and within the timeframe envisaged.</li> <li>• The beneficiary institutions are properly staffed and have the necessary absorption capacities to receive and absorb technical and other support.</li> <li>• Anti-corruption and Money-laundering prevention and suppression measures are implemented as priority national public policies.</li> <li>• Civil Society Organisations are willing to participate and be involved in the policy dialogue, its communication and other activities relevant to the Moldovan EU integration process.</li> </ul>		

### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

Review of ongoing and former programmes assisting the Moldovan Government, funded by both the EU and other donors, has led to the following general observations:

- It is essential to programme assistance based on a clear sector reform strategy accompanied by the cost/budget of each identified reform activity, thus ensuring commitment and ownership of the Government of Moldova;
- Having access to EU high-level advice ensuring business continuity in monitoring and reporting on key reforms required, as part of the implementation of the AA is critical in keeping track of the reform agenda in a politically instable landscape;
- Aligned cooperation between the MFAEI, Ministry of Finance and State Chancellery is vital for the implementation of the AA and in facilitating key decision-making on required reforms and the respective budget allocations. It has been acknowledged that the Government of Moldova does not have the capacity or resources to identify and formulate good quality project documents;
- It is important to mainstream cross cutting issues, notably the principles of public administration, rights-based approach, youth, gender, the environment and climate change in key policy areas.

The range of policy areas included in the EU-Moldova AA is far broader than the three focal sectors included in the Single Support Framework (2014-2017). The lack of sufficient resources in several Governmental institutions justifies the extra support to priority areas aimed at addressing the additional needs for approximation and institution building that are not already covered by the focus sectors of the SSF.

#### **3.2 Complementarity, synergy and donor coordination**

Complementarity with other actions will be ensured when preparing the individual relevant projects in the context of the current action. A Technical Assistance (TA) project for Public Administration Reform under AAP 2015 is underway. This would contribute to preparation of a basis for monitoring implementation of the AA and policy developments at the State Chancellery and in ensuring strengthened aid coordination. The proposed action is larger in scale and will follow-up and build upon the results of the above-mentioned TA.

The current HLA's 2016-2018 mission includes HLAs for the implementation of the AA (under Parliament) and Aid Coordination (under the State Chancellery) as well as advisers in an additional 24 sectors. Therefore, the projects under the proposed action will build upon the work carried out within that mission.

EU funded Civil Society Facility 2015 will provide with a grant scheme for CSOs in four different sectors: good governance, economic and social development and social cohesion through an improved social service delivery system. The current Action will facilitate their interaction with Government structures in the framework of specific policy dialogues.

Synergies and donor coordination should be ensured by the coordinating structures in place (State Chancellery) as well as by the relevant Sector Coordination Council.

The EU Delegation is active in all donor groups and supports the development of aid coordination as a whole.

There have been no other projects identified with a similar scope to the activities foreseen under components 1, 2 and 3. Sectorial projects are identified in the sectors of implementation

of the DCFTA (ENI/2014/353-290 "Support to the implementation of DCFTA process in Moldova").

It will be ensured, that the individual projects under this Action do not overlap with sectorial activities following regular communication with other relevant stakeholders that may either be working in a particular sector, or are willing to do so.

### **3.3 Cross-cutting issues**

The effective implementation of the Association Agreement includes the fulfilment of the articles 4 (Human Rights and Public Administration Reform), 31 (Gender equality), and chapters 16 (environment) and 17 (climate action). Therefore, the present action has a positive impact on promoting cross-cutting issues such as: good governance, the promotion of environment and climate change, the protection of fundamental rights and the Gender mainstreaming among the different policies and not only in the social affairs sector.

The further definition of the scope of the High Level Advisers may include specific support for any of these cross-cutting issues if agreed with the Government of Moldova. The High Level Advisers' mission 2016-2018 includes a specific EU High Level Adviser on environment and climate change who is trying to promote the issues in the political agenda of the country.

The cross-cutting issues will be taken into consideration at the time of the preparation of the individual activities in order to ensure that they will be taken into consideration for the fulfilment of the objectives of the Action.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

The **overall objective** of this action is to increase the capacities of the Government of the Republic of Moldova and other key national institutions in implementing the EU-Republic of Moldova Association Agenda.

The **specific objectives** (SOs) of this action:

1. To strengthen the policy dialogue for the implementation process of the Association Agreement;
2. To support the implementation of the Association Agreement throughout all sectors;
3. To strengthen project preparation competences of national authorities ensuring complementarity between the implementation of the AA and external assistance; and
4. To further strengthen the capacity of the Government of Moldova for selected projects in the context of the implementation of AA and EU approximation process'.

### **Results/Outputs**

**Result 1: The level of understanding by national authorities of the EU approximation process is improved;**

**Result 2: The implementation process of the Association Agreement is followed throughout the sectors timely and efficiently**

2.1 Further enhancement of structured policy dialogue is provided with civil society involvement by promoting the use of existing mechanisms;

2.2 Improved policy development mechanisms for adequate budgeting of strategic documents as well as action plans in order to ensure feasibility;

- 2.3 Technical expertise is provided throughout sectors;
- 2.4 Enhanced legal approximation process;
- 2.5 Support to security and integrity of systems and processes in public administration is provided;

**Result 3: Project pipeline for the implementation of AA developed**

- 3.1 Strengthened aid coordination mechanisms to fulfil the policy gaps related to the implementation of the AA through Institution building activities;
- 3.2 Prepared project pipeline facility (PPF) linked to the implementation of the AA;
- 3.3 Improved internal communication systems for cost effective data management through Institution building activities;

**Result 4.1 Support to the strengthening of the system for anti-money laundering is provided;**

**Result 4.2 The communication mechanisms of the national authorities on the EU approximation process are improved;**

**Result 4.3 The National Spatial Data Infrastructure is made operational and accessible to citizens and economic operators.**

## **4.2 Main activities**

### **Under SO1**

#### **Activity 1: Provision of High Level Advisers for period 2019-2021**

This activity foresees the deployment of the HLA's in 2019-2021. The objective is to facilitate policy dialogue between the EU and Moldova by providing strategic advice to the Government, Ministries and other key central level administrative authorities.

Before the planned activity is launched, an evaluation will be conducted to establish the impact of the previous missions as well as useful lessons learnt about its implementation. This evaluation will be used in order to define the scope of the future assistance in the form of High Level Advisers foreseen under this Action.

### **Under SO2**

#### **Activity 2: Support for structured policy dialogue, coordination of the implementation of the AA and enhancement of the legal approximation process**

This activity therefore envisages support to key Moldovan state institutions, civil society, and non-governmental organisations in continuous joint reflection on the priorities, conceptualisation, formulation and implementation of policies, strategies and action plans in order to ensure good governance as well as the effectiveness and efficiency of the Government decision-making processes - particularly in the focal areas of EU support. The assistance will provide with technical expertise in all domains not covered by EU or other development partners, as well as support for enhanced legal approximation process by building capacities of the Moldovan civil service (including Centre for Legal Harmonisation as focal institution).

The policy development dimension of the process will be covered under this activity, with special emphasis on the need to strengthen the core institutions (State Chancellery and MoF)

as well as other relevant institutions (MFAEI and MoJ among others), notably for adequate budgeting of strategic frameworks as well as operational plans in order to ensure their feasibility.

Support to security and integrity of systems and processes in public administration will be also provided.

### **Under SO3**

#### **Activity 3: Support the Moldovan Government in identifying and preparing projects linked to the implementation of the AA**

This activity foresees the provision of expertise and support that aims to help strengthen the State Chancellery's capacity, as a national aid coordinator, to effectively coordinate all sectors of assistance with development partners as well as to develop an effective project/needs identification system and project pipeline in line with agreed policy priorities.

Support will therefore be offered through the Project Preparation Facility in: (a) providing assistance to the ministries, state authorities and other potential stakeholders when proposing eligible project concepts and proposals; (b) designing new working tools and methodologies for project identification and formulation (in synergy with other sectorial projects); (c) enabling the preparation of a pipeline of high quality and financially viable projects; (d) sectoral studies as necessary.

Internal communication systems will be revised for cost effective data management in order to achieve the result foreseen.

### **Under SO4**

#### **Activity 4.1: Twinning for strengthening of the system for anti-money laundering**

This activity will be implemented as a twinning and it will strengthen the legal framework and the institutional capacities of the key institutions active in the field of prevention and the fight against money laundering and financing of terrorism (especially the Office for Prevention and Fight against Money Laundering, FIU, under the structure of the National Anti-corruption Centre, but also other relevant institutions such as the National Bank, National Commission for Financial Market, Ministry of Internal Affairs, Ministry of Justice, Ministry of Finance, General Police Inspectorate, the Prosecution Office, etc.).

#### **Activity 4.2: Strengthening capacities for effective communication among the Moldovan public administration structures**

This activity is primarily aimed at providing the Prime Minister's Office, State Chancellery and other central governmental authorities with expert advice on internal and external communication approaches and methods as well as capacity building activities to strengthen internal human resources in a sustainable way. Particular focus will be placed on the implementation of the Government Programme, National Development Strategy Moldova 2020, the AA, Association Agenda and related public administration reform activities, along with other priority strategic tasks.

### **Activity 4.3: Twinning for supporting the development of National Spatial Data Infrastructure by improving spatial data sharing and cooperation in accordance with EU standards**

The main objective of the proposed EU Twinning Project will be to enhance e-government through improved spatial data sharing and cooperation among authorities in line with EU standards and best international practices. At the end of the project, the National Spatial Data Infrastructure will be a functional tool for citizens and economic operators in order to check relevant information regarding properties, infrastructures and environmental issues on any particular zone of the country. Furthermore, NSDI will provide reliable tool to the authorities for better planning capabilities in a broad range of sectorial policies, namely transport, environment and agriculture among others.

#### **4.3 Intervention logic**

The action under this programme aims to create the necessary conditions to effectively implement the EU-Moldova AA. Particularly, through targeted policy advice and assistance in legal approximation and policy development processes across the areas covered under the AA.

The first element to be taken into consideration is the need for HLAs who support the Government of Moldova in understanding EU policies for each sector and provide strategic advice that could be used to ensure an appropriate EU approximation process in Moldova. The second component of this action is a complementary technical assistance programme that will provide technical expertise, as necessary, to properly assess the needs of Moldova against its commitments in the AA. This component will support (at a technical level) the work performed by the HLA and will cover all necessary sectors. The aim is to technically contribute to EU approximation in sectors not covered by other projects and provide a holistic assessment of the progress of the AA's implementation. The third component of this action will be the development of a Project Preparation Facility which will have two objectives. On the one hand, it will contribute to improving the aid coordination task of the State Chancellery by mainstreaming requests for assistance to the development partners. On the other hand, this component will contribute to strengthening the capacity of the Government of Moldova so that its staff can identify and formulate projects to be funded by development partners. At the end of the assistance, the Aid coordination function is expected to leverage (supported by a project pipeline system addressing critical programming gaps while ensuring the sustainability of the action).

The fourth component can be considered as complementary measures for the achievement of emerging needs arising from the implementation of the AA as well as other priority projects for the Government of Moldova in line with EU standards. Two twinning projects are foreseen for anti-money laundering as well as spatial planning and the third project (communication) is foreseen to be implemented under technical assistance modality. The degree of maturity of the policies and the absorption capacities of targeted institutions are two of the main criteria used for the selection of TA or twinning.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a Financing Agreement with the partner country, referred to in Article 184(2) (b) of Regulation (EU, Euratom) No 966/2012.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed on by the Commission's authorising officer responsible, by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **5.3 Implementation modalities**

#### **5.3.1. Grants: indicatively 2 calls for proposals in the framework of the Twinning programme (direct management)**

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The Twinning call for proposals modality will be used in order to strengthen the system for anti-money laundering (activity 4.1) and provide support to the development of National Spatial Data Infrastructure by improving spatial data sharing and cooperation in accordance with EU standards (activity 4.3).

The main expected results in anti-money laundering field:

- Closer cooperation between the Moldovan system and the Office for Prevention and Fight against Money Laundering and corresponding EU Member States systems is achieved;
- Institutional capacities in terms of intelligence and know how are improved in this domain;
- Relevant IT systems, procedures and communication tools are improved,
- Tools for complex money laundering cases are developed and implemented (e.g. joint investigation teams);
- International cooperation is strengthened, especially with the Egmont Group, preparation of evaluations by the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) of the Council of Europe and Camden Asset Recovery Interagency Network (CARIN).

The main expected results in National Spatial Data Infrastructure development field:

- Secondary legislation in the field of the NSDI according to EU INSPIRE directives and based on the primary legislation in this domain is developed;
- NSDI is fully operational and provides information regularly updated from main information providers;
- Spatial planning tools are made available to citizens, economic operators and public administrations via functional geoportal;



- Citizens, economic operators and public administrations are satisfied with the service provided.

(b) Eligibility conditions

In line with Article 4(10) (b) of Regulation (EU) No 236/2014, participation in Twinning calls for proposals is limited to public administrations of the EU Member States, being understood as central or regional authorities of a Member State as well as their bodies and administrative structures and private law bodies entrusted with a public service mission under their control - provided they act for the account and under the responsibility of that Member State.

(c) Essential selection and award criteria

The essential selection criterion is the operational capacity of the applicant.

The essential award criteria are the technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

(d) Maximum rate of co-financing

The rate of co-financing for Twinning grant contracts is 100%<sup>3</sup>.

(e) Indicative timing to launch the calls

The calls for proposal under this Programme are expected to be launched in the first trimester of 2017 indicatively.

(f) Use of lump sums/flat rates/unit costs

Twinning contracts include a system of unit costs and flat rate financing, defined in the Twinning Manual for the reimbursement of the public sector expertise provided by the selected Member States administrations. The use of this system of unit costs and flat rate financing, which exceeds the amount of EUR 60 000 per beneficiary of a Twinning contract, is subject to the adoption of a separate, horizontal Commission decision.

### 5.3.2 Procurement (direct management)

Subject	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
(1) Call for tender <High Level Advisers>	Services	1	second trimester 2017
(2) Call for tender <Policy Dialogue - Association Agreement – Legal Approximation>	Services	1	second trimester 2017
(3) Call for tender <Aid Coordination – Project Preparation Facility – Internal Communication System>	Services	1	second trimester 2017

<sup>3</sup> As provided for in the Twinning Manual

(4) Call for tender <Communication capacities>	Services	1	second trimester 2017
Evaluation/audit	Services	3	Second trimester 2021

### 5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

### 5.6 Indicative budget

	<b>EU contribution (amount in EUR)</b>
5.3.1 Twinning calls for proposals	3,800,000
5.3.2 Procurement	25,000,000
5.9., 5.10. Evaluation/Audit	200,000
<b>TOTAL</b>	<b>29,000,000</b>

### 5.7 Organisational set-up and responsibilities

The State Chancellery is the coordinating institution responsible for external assistance and will contribute both to the programming of the activities to be performed and to the monitoring of the resulting projects.

The Steering Committee (SC) will be created for each individual action proposed to supervise the implementation of the project. The Steering Committee shall review and guide the work of the action and supervise its overall implementation. The SC shall meet at least twice a year or more frequently if necessary.

The Steering Committees of all projects resulting from this action will include representatives of the State Chancellery, the EU Delegation to the Republic of Moldova and other stakeholders relevant to the actions.

### 5.8 Performance monitoring and reporting

EU Delegation will execute regular monitoring duties as per its monitoring plan, using standard procedures and tools.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Monitoring missions will take place at the end of the financial year to review the progress of the reform, checking financial and budget execution reports in order to collect evidence on the funding and budget allocations.

## **5.9 Evaluation**

Having regard to the nature of the action, an ex-post evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. It will be carried out for accountability and learning purposes at various levels (including for policy revision). The proposed logic of intervention linked with implementation of the AA and policy dialogue between EU and Moldova may be revised or replicated in further programmes as a result of such ex-post evaluation.

The Commission shall inform the implementing partner at least two months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in the second trimester of 2021.

## **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, two contracts for audit services shall be concluded under a framework contract in the second trimester of 2021.

### **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget allocated for each individual project.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. Communication and visibility will be given high importance during the implementation of the Action.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives. Actions shall be aimed at strengthening general public awareness of interventions financed by the EU and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions. Visibility actions should also promote transparency and accountability on the use of funds.

It is the responsibility of the implementing partner to keep the EU Delegation fully informed of the planning and implementation of the specific visibility and communication activities.

The implementing partner shall report on its visibility and communication actions in the report submitted to the ENI monitoring committee and the sectoral monitoring committees.

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)<sup>4</sup>

The activities, the expected outputs and all the indicators, targets and baselines included in the log-frame matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. The indicative log-frame matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
<b>Overall objective: Impact</b>	<b>Increased capacities of the Government of the Republic of Moldova and of key national institutions to implement the EU-Moldova Association Agenda</b>	% of AA achievement  Government effectiveness score	25% in 2015  41 (2013)	90% by 2022  69 (2020)	Association Council (Government, EU reports)  WGI (World Bank)	The Government remains committed and able to allocate sufficient resources to implementation of the AA reforms and strategies.
<b>Specific objective(s): Outcome(Specific s)S</b> Specific object Specific objective: Outcome	<b>(SO-1): To strengthen policy dialogue for the implementation process of the Association Agreement.</b>	% of reform goals of EUHLAs achieved	N/A in 2016	80% by 2022	Final report from EUHLA 2016-2018 Reports from the project Evaluation of the HLA's mission impact	Parliament, Government, and Judiciary remain committed to reforming the justice sector as a whole, and within the timeframe envisaged, as well as to reforming public administration.
	<b>(SO-2): To support the implementation of the Association Agreement throughout all sectors</b>	% of EU regulation approximated and effectively implemented coming from AA requirements	N/A in 2016	60% (2019)	Annual report on legal approximation process; Legal Approximation Information System; Minutes from Association Council. Line Directorate-Generals – European Commission Minutes of inter-ministerial meetings	The beneficiary institutions properly staffed and with necessary absorption capacity to receive and benefit from the proposed actions.  Policy coordination improved - regular functioning of the PAR Council and an effective implementation of the planned reforms (the central and local levels);

<sup>4</sup> Indicators aligned with the relevant programming document are marked with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

		% of AA measures implemented	63% for 2014-2015	100% by 2020	Reports from the project and the MFAEI  Monitoring reports AA	
	<b>(SO-3): To strengthen project preparation competences of national authorities ensuring complementarity between the implementation of the AA and external assistance</b>	Sector Coordination Councils are operational and have regular meetings  Unified information system linking AA and External Assistance is operational	40% in 2016  N/A in 2016	100% by 2019  Yes by 2020	Reports from the project Annual External Assistance Report  Minutes of sectorial councils meetings  Minutes of inter-ministerial meetings  Opinion polls among line ministries and development partners on unified information system linking AA and External Assistance provided by the project.	
	<b>(SO-4) To further strengthen the capacity of Government of Moldova for selected projects in the context of the implementation of AA and EU approximation process'</b>	Seized amount of assets on the basis of the stopped transaction under suspicion of money laundering activities  Spatial planning tool is fully operational and made available to public and private stakeholders	0 in 2016  Partially developed in 2016	15 % in 2020  Fully operational by 2022	Reports from Financial Investigation Unit and Ministry of Justice  Reports from project	
<b>outputs</b>	<b>Result 1 The level of understanding by national authorities of the EU approximation process is improved</b>	Number of sectors covered under EU High Level Advisers support	25 in 2016	At least 20 in 2022	Reports from the project.	

	<p><b>Result 2 The implementation process of the Association Agreement is followed throughout the sectors timely and efficiently</b></p>	<p>% of legal acts that have been reviewed by CLH</p> <p>Number of inter-ministerial meetings for policy coordination</p>	<p>N/A in 2016</p> <p>4 (2014)</p>	<p>100% by 2022</p> <p>12 (2018)</p>	<p>Annual report on legal approximation process; Legal Approximation Information System; Minutes from Association Council. Line Directorate-Generals – European Commission Minutes of inter-ministerial meetings</p>	
		<p>% of drafted and endorsed legislation by the Government from total number set out in the Action Plan on Cybersecurity;</p> <p>% of systems linked with AA revised for an increased integrity and cybersecurity standards. compliance with cyber Association Agreement</p>	<p>0 % in 2016</p> <p>N/A in 2016</p>	<p>At least 90% by 2020</p> <p>At least 90% by 2020</p>	<p>Mapping of ICT systems developed at inception report of the project.</p> <p>Ministry on ICT and Technology</p>	
	<p><b>Result 3 Project pipeline for the implementation of AA developed</b></p>	<p>No. of projects at the stage of getting financed with EU support</p>	<p>0 in 2016</p>	<p>At least 30 by 2020</p>	<p>Reports from the project Annual External Assistance Report</p>	
	<p><b>Result 4.1 Support to the strengthening of the system for anti-money laundering is provided</b></p>	<p>Basel AML Index for Moldova</p> <p>National Risks Assessment Prepared and Implemented</p>	<p>in 2015 index 5.5</p> <p>0 % in 2016</p>	<p>by 2020 index 4.5</p> <p>at least 50 % by 2020</p>	<p>Basel – International Centre for Asset Recovery – AML Report</p> <p>Reports: Anti-corruption Agency, MONEYVAL, Egmont Group</p>	<p>Anti-corruption and Money-laundering prevention and suppression measures implemented as priority national public policies.</p>

	<b>Result 4.2</b> <b>The communication mechanisms of the national authorities on the EU approximation process are improved</b>	Level of the implementation of the Communication Strategy (%)	0% by 2017	100% by 2020	Report on Government action plan Report from the project	Civil Society Organisations participate in the policy dialogue involved in the policy dialogue, communication and other activities relevant for Moldovan EU integration process.
	<b>Result 4.3 The National Spatial Data Infrastructure is made operational and accessible to citizens and economic operators</b>	Secondary legislation on transposition of Inspire Directive drafted and endorsed by Government of Moldova  Level of satisfaction among citizens with cadastre and mapping system in Moldova  Level of satisfaction among business community with cadastre and mapping system in Moldova  Level of satisfaction among local authorities with cadastre and mapping system in Moldova	0% in 2016  N/A in 2016  N/A in 2016  N/A in 2016	100% 2019  80% 2019  95% 2019  95% 2019	Report on Government's Monitorul Official Action Plan Project reports  Opinion polls among citizens  Opinion polls among business community  Opinion polls among local authorities	Ongoing twinning projects deliver its mandatory results and that the reform path is continued in the Agency of Land Relations and Cadastre.