



This action is funded by the European Union

**ANNEX 1**

of the Commission Implementing Decision on the Annual Action Programme 2015 in favour of the Republic of Moldova

**Action Document for Support to Public Administration Reform (PAR)**

<b>1. Title/basic act/ CRIS number</b>	Support to Public Administration Reform (PAR) CRIS number: ENI/2015/038-135 Financed under the 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>	Public Administration Reform			
<b>5. Amounts concerned</b>	Total estimated cost: EUR 20 million Total amount of EU budget contribution: EUR 20 million			
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Direct management - procurement of services and supplies Shared management			
<b>7. DAC code(s)</b>	15140 - Government administration 15112- Decentralisation and support to subnational government			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</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	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Not applicable (N/A)			

## **SUMMARY**

The proposed action "Support to Public Administration Reform (PAR)" in the Republic of Moldova, in line with the Single Support Framework (SSF) 2014-2017, aims at providing financial support horizontal public administration reform efforts and to strengthening administrative capacity of Moldovan administration to meet the specific requirements arising from the Association Agenda with the European Union (EU).

The financial support for Moldova is provided through two components.

Under the first component support will be provided to the national public administration reform process in order to improve efficiency, effectiveness and accountability of Moldovan public administration. The support will be provided for development of a strategic framework of public administration reform and its subsequent monitoring by relevant stakeholders. Support will be also provided for strengthening policy development and coordination. A further focus is on improving public service and human resources management, especially by enhancing professional capacity of public administration employees at national and sub-national level. Support will be also provided to improvement of public service delivery in a transparent, cost-efficient, anti-discriminatory, speedy and reliable manner with focus on four key public services: e-Construction permit, digitalisation of public procurement processes, one-stop-shop for opening and closing business and electronic reporting to administrations.

Under the second component support will be provided to improvement of administrative capacity of Moldovan administration to meet the requirements arising from the Association Agreement, including the Deep and Comprehensive Free Trade Area (DCFTA), and to support the Republic of Moldova to participate in cross-border and regional cooperation. The support will specifically focus on improvement of statistical capacities in line with requirements of Chapter 6 of the Association Agreement, and facilitating Moldova's participation in the Danube Transnational Programme (2014-2020).

## **1 CONTEXT**

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

The Republic of Moldova, a landlocked country with borders to Romania and Ukraine, has a resident population of 3.5 million. It is the poorest country in Europe with a Gross Domestic Product (GDP) per capita of USD 2,233 in 2014. Its territorial administration is highly fragmented with 32 districts (rayon), 66 cities (towns), of which five with municipality status, and with 898 local communities.

Following November 2014 parliamentary elections, a minority government was formed in February 2015, after intense negotiations. The appointment of a new government, composed of PLDM (Liberal-Democratic Party) and PDM (Democratic Party), had temporarily restored fragile stability after a prolonged period of political uncertainty. However, after the resignation of the Prime Minister in June 2015, a new executive was formed in July, including in the majority coalition the Liberal Party. Local elections took place in 2015 and an election of a new President is expected in 2016. The elections of November 2014 have shown there is a deep polarization in society. The PSRM (Socialist Party) has emerged as the largest party, obtaining a quarter of seats in Parliament.

Some steps were made on the settlement of the Transnistrian conflict. In 2014, only two rounds of negotiations in the '5+2' format took place and several rounds were postponed. The overall situation in the security zone remained tense, but stable.

Moldova's economy faced a difficult situation in 2014 linked to several factors. Economic growth rates reduced from 8.9% in 2013 to 4.6% in 2014. Some projections foresee that the economic growth of Moldova could be negative in 2015.

Serious problems in Moldova's financial sector pose a risk to stable economic development. Shortcomings in the banking sector came to the fore at the end of 2014 with two consecutive decisions by the National Bank of Moldova to place three major commercial banks under special administration, representing about 30% of total banking assets.

As stated in the latest European Neighbourhood Policy (ENP) Progress Report 2014, Moldova made limited progress on depoliticising and professionalising its central public administration, in the absence of a clear strategy for public administration reform. The average salaries of civil servants remained low and the civil service remained structurally weak due to staff moving to the private sector or to international organisations.

Fiscal decentralisation was rolled-out to country-wide as of 1 January 2015. The lack of reform of the number of territorial units did not contribute to strengthen the already weak capabilities of the majority of local authorities.

Legislation on statistics was revised in accordance with European standards. Improvements were noted in the availability and quality of national accounts, business, environment and external trade statistics. Regular use of statistics, their timely production and dissemination as well as ability of data interpretation by Central administration - doing evidence based policy making - needs further improvement.

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

Since 2005, European integration 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", and in the National Development Strategy ("Moldova 2020"), and in the National Action Plan on implementation of the EU-Republic of Moldova Association Agreement (AA) 2014-2016 which are both all closely aligned with the objectives and actions contained in the Association Agreement and the Association Agenda.

Public Administration Reform (PAR) is a cross-cutting issue and a pre-condition for adequate implementation of the reforms according to the seven priority sectors within the National Development Strategy. As PAR may not be a singled out priority, however it is widely acknowledged that the civil service and more generally public administration are in urgent need of restructuring, enhanced capacity, greater efficiency and transparency.

The EU-Moldova Association Agreement signed on 27 June 2014 calls upon the Government of Moldova to deepen the cooperation in relation to the Public Administration Reform focusing on: the development of efficient, transparent, inclusive and accountable public administration. These elements are in line with the Principles on Public Administration published by SIGMA (Support for Improvement in Governance and Management) in November 2014<sup>1</sup>.

In the Single Support Framework for EU Support to the Republic of Moldova 2014-2017 (SSF), PAR is identified as one of the three priority areas of intervention. The general and specific objectives which will be supported in the framework of the SSF relate to:

- Modernisation of the central and local public administration through the introduction of a result-oriented management approach;
- Strengthening the transparency, oversight and accountability of public finance policy and management
- Strengthening the structures and processes of national, regional and local governance through the decentralisation of powers, with particular reference to the need to develop an effective system of multi-level governance based on a clear division of responsibilities.

With regard to horizontal public administration reform, the Republic of Moldova has not made much progress. As noted in the latest European Neighbourhood Policy Progress Report 2014, one of the key weaknesses in this area is the lack of a comprehensive PAR strategy and political steer from the central government. The following sub-sectorial strategies cover some of the PAR core areas:

- National Programme for the Reform of Public Services 2014-2016 (Government Decision no. 122 of 18.02.2014) with a new Action Plan (Government Decision no. 198 of 23.04.2015);
- Strategic Program for Technological Modernization of Governance (e-Transformation) 2012-2020 (Government Decision no. 710 of 20.09.2011);
- National Decentralisation Strategy 2012-2015 (Law no. 68 of 05.04.2012);
- National Strategy for Public Finance Management 2013-2020 (Government Decision no. 573 of 06.08.2013);
- Development Program for Public Internal Financial Control 2014-2017 (Government Decision no.304-310/11471041 of 20.12.2013);
- Strategic Development Programme of the National Bureau of Statistics for 2012-2014 (NBS Board Decision nr.26 of 29.12.2011). A new National Strategy for the Development of Statistics is under preparation with the support of the United Nations Development Programme (UNDP) project “Strengthening the National Statistical System”.

It is also in these areas, especially in Public Finance Management, e-Transformation and modernisation of public services, where Moldova has made most progress with support of external donor assistance. None of the above strategy documents however cover other core areas of PAR, especially policy development and coordination and public service and human resources management. These are the areas where there are major weaknesses and a need for substantial reforms.

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<sup>1</sup> <http://www.sigmaweb.org/publications/Principles-Public-Administration-Nov2014.pdf>

There is a need to enhance professional capacities and efficiency in the public administration, including at the lower levels of government. This will also support full implementation of the country's decentralisation strategy, including in particular the objective of improving local development policies and their implementation. Even though fiscal decentralisation was rolled out country-wide as of 1 January 2015, the lack of reform of the number of territorial units did not contribute to strengthening the already weak capabilities of the majority of local authorities.

In addition to horizontal public administration reform efforts, Moldova needs to also improve administrative capacity to meet the requirements arising from the Association Agreement and the Deep and Comprehensive Free Trade Area (DCFTA). In this context, a policy area of specific importance is statistical cooperation.

The Association Agreement foresees that the EU and Moldova will develop and strengthen their cooperation on statistical issues in order to reach the long-term objective of providing timely, internationally comparable and reliable statistical data. The goal is to have a sustainable, efficient and professionally independent national statistical system, which shall produce information relevant for citizens, businesses and decision makers in the EU and Moldova, enabling them to take informed decisions on that basis. The national statistical system will need to respect the UN Fundamental Principles of Official Statistics and take into account the EU acquis in statistics, including the European Statistics Code of Practice, in order to align the national statistical system with the European norms and standards. The latest European Neighbourhood Policy Progress Report noted that Moldova made some progress in 2014. Legislation on statistics was revised in line with the European standards, and there were some improvements in terms of availability and quality of national accounts, business, environment and external trade statistics. It is however generally acknowledged that regular use of statistics and their timely production and dissemination as well as ability of central administration to interpret data for evidence based policy making is still quite limited. A national strategy for the development of statistics is currently under preparation with external donor support.

The Danube Transnational Programme (2014-20) is a financing instrument that supports the policy integration in the Danube region in selected fields. The programme is linked to the EU Strategy for the Danube Region from 2011. The strategic vision of the programme is policy integration below the EU-level, and above the national level in specific fields of action. The programme aims to act as a policy driver and pioneer to tackle common challenges and needs in specific policy fields where transnational cooperation is expected to deliver good results through the development and practical implementation of policy frameworks, tools and services and concrete pilot investments. The Republic of Moldova is part of the Danube Transitional Programme and its participation is coordinated by the State Chancellery.

### ***1.1.2 Stakeholder analysis***

The key stakeholders of the proposed interventions are:

The State Chancellery (SC) is the Central Public Administration (CPA) body that has the overall responsibility for PAR in terms of strategic planning, policy and donor coordination, monitoring and evaluation. SC is responsible over the regulatory framework related to administrative normative acts, legal status of civil servants, coordination of the decentralisation Strategy, e-Transformation agenda (through its e-Government Centre), cross border cooperation initiatives (including participation in Danube Transnational Programme) and coordination of public service modernisation National Programme.

The Government of Moldova is planning to create the Public Administration Reform Committee by the end of 2015. The committee will under the supervision of Prime Minister's Office integrate the relevant departments of the State Chancellery as well as Ministry of Finance. The PAR Committee is expected to promote a more strategic and integrated approach to PAR, including development of a more comprehensive PAR strategy, as well as provide the necessary political steer for implementation of the reforms.

The Ministry of Regional Development and Construction plays an important role as supervisory institution of the Regional Development Agencies (Nord, Centre and South) which must facilitate the implementation of public communal service delivery at a regional/local level.

The Academy of Public Administration (APA), which is under State Chancellery, is a legally entrusted and specialised body for the training of Civil Servants. The APA implements the yearly established National Training Plan.

There are 898 Local Public Authorities within the territory of the Republic of Moldova and the Council of Local Authorities of Moldova (CALM) is the association that represents the mayors in Local Public Authorities.

The Ministry of Foreign Affairs and European Integration is currently responsible for the monitoring and overall coordination of the Association Agreement. This is implemented in coordination with the line ministries and other relevant central public bodies. The State Chancellery, on the other hand, has the overall responsibility for donor coordination, monitoring and evaluation. The lack of coordination between the Ministry of Foreign Affairs and European Integration and the State Chancellery is a matter of concern regarding the adequacy of the external assistance to the needs of the Republic of Moldova and its Association Agenda.

The National Statistical System of Moldova consists of the following official statistical bodies: the National Bureau of Statistics (NBS) and its territorial sub-divisions (regional offices) as the central statistical body as well as the statistical departments of some central public authorities (e.g. Ministry of Finance, Ministry of Justice, Ministry of Health, Ministry of Interior, Ministry of Labour, Social Affairs and Family, and National Employment Agency; National Regulation Agency in Electronic Communications and Information Technologies; National Commission of Financial Market) and the statistical department of the National Bank of Moldova. The NBS organises, manages and coordinates statistical activity and official statistics in Moldova. It is responsible for oversight of all methodologies, data collection, data calculations, organisation of surveys, and development of questionnaires. The NBS, is in charge of producing approximately 75% of official statistics. There are 196 employees in the central office and 395 in the regional offices.

The National Bank of Moldova is responsible for monetary and financial statistics, balance of payments statistics, trade in services and foreign direct investment statistics, and international investment position, external debt and foreign exchange operations statistics. The NBS and the statistics department of the National Bank cooperate closely. The National Bank uses statistical information from the NBS for the compilation of balance of payments and foreign direct investment statistics, while the NBS uses balance of payments data for its national accounts compilations. The National Bank is also a major user of the NBS statistical information.

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

#### ***1) Horizontal Public Administration Reform***

The strategic framework for Public Administration Reform (PAR) is not complete notwithstanding a draft PAR strategy was prepared in 2013 with the support of the World Bank. A number of subsector strategies are adopted (*see I.1.1*) but there is no clear synergy between them. An overarching Public Administration Reform Strategy and its accompanying Action Plan is overdue and is considered critical in order to pursue further reform.

There PAR policy development system has weaknesses due to lack of skills and of effective policy coordination, limited focus on strategic planning and limited evidence-based policy due to unavailability of timely and quality statistical data. Regulatory process is hampered by lack of coordination between the bodies involved in the policy coordination: Ministry of Foreign Affairs for the monitoring of implementation of the Association Agreement, State Chancellery as body in charge of the policy coordination of the Government, relevant line ministries and agencies and Parliament of Moldova.

Concerning human resources management, despite of new Human Resource Management system, the question of low salaries of civil servants remain as one of the main issues of concern. Motivation and training are two fields where it is possible to incentive the permanence in the Public Sector. The staff turnover is 11% on average for 2014 (16% only in the Central Public Administration).

There has been most progress with regard to public service delivery. The Central Public Administration has implemented the action plan of the National Programme for Public Service Modernisation as well as the e-Transformation agenda, which is linked with the introduction of e-Governance tools. The Government of Moldova has mapped 585 public services from the Central Public Administration to be fully re-engineered by 2020. The re-engineering of the process must lead to increased cost-effectiveness, more robust systems where human factor is reduced and, therefore, risk of corruption is mitigated. However, the internal resources to the Government to achieve such ambitious goal are limited. Out of the list of 585 public services identified by the Government, the following four are considered as critical by the Government of Moldova and will be supported under this action:

- Opening and Closing a Business (one-stop shop for Opening and Closing Businesses-related services);
- Public Procurement;
- Application for Social Benefits (Social Insurance Service);
- Admission to the Higher Education Institutions.

Further public services could be targeted under this action on the basis of urgency, number of citizens benefitting and state of readiness to deploy the service country-wide.

All the selected public services selected for re-engineering must comply with the principles of inclusiveness, cost-efficiency and universality. Digital divide must be taken into consideration as number of internet users per 100 inhabitants is 48.8 according to World Bank 2013.

As regards the public procurement service, it is flagged as critical. The digitalisation of the Procurement Process should be based on a tangible progress in the reform of public procurement, in line with the DCFTA chapter on public procurement and the timetable foreseen in Annex XXIX of the Agreement.

## ***2) Administrative capacity development for the Association Agenda***

The fulfilment of the Association Agreement requirements is one of the main priorities of the Republic of Moldova. The deadlines contained in the relevant annexes of the above mentioned international agreement require the preparation and implementation of systematised plan for the approximation of the relevant EU Acquis. Following the gaps identified in the background

information, the strengthening of the coordination between the Ministry of Foreign Affairs and European Integration, line Ministries and State Chancellery is needed in order to optimise this process.

In the area of statistics, Eurostat Adapted Global Assessment of the National Statistical System (NSS) of Moldova in 2013 recommended to define which public bodies are official statistical bodies and belong to the National Statistical System (NSS). In general, in a small country like Moldova, it would be more efficient to concentrate nearly all statistical expertise in one institution. This means that the National Bureau of Statistics should take the responsibility for as much statistical data as possible including those coming from other institutions. At the same time considering the large number of NBS territorial units (35) currently existing, the option of reducing the number of territorial statistical offices, reallocating and freeing up resources to accommodate the additional statistical tasks should be further explored and pursued. The redistribution of the staff should be made in conformity with the introduction of modern means of data collection (web-questionnaires, computer assisted interviewing techniques, etc.). This reorganisation should be done alongside changes of legislation.

The National Bureau of Statistics (NBS) and other official statistical bodies have a clear legal mandate to collect data from respondents and to access administrative data for statistical purposes within the limits of the programmes of statistical works. A number of problems are identified including but not limited to: (i) a trend of increasing nonresponse rates in some sample surveys which has a negative impact on data quality; (ii) problems with access to data from population register, access to tax, social security and migration data; (iii) paper delivery of approximately 30,000 questionnaires to territorial statistical offices by local administrations for data processing.

The IT system at the NBS is outdated and does not support the exchange of administrative records between administrations for statistical purposes. The use of administrative registers managed by sector ministries and agencies should be enlarged. The NBS runs about 60 different applications for the production processes in the various statistical domains. Most of the applications are outdated and the hardware urgently needs to be replaced. Contrary to many other public organisations, IT development in the NBS is not just a basic service to operate computers but a pre-condition for efficient data collection, processing and dissemination. Computerisation of data collection methods from current paper and pencil methods would facilitate coding of data and lead to greater accuracy, efficiency and centralisation of data collection.

With regard to Moldova's participation in cross-border and regional cooperation, Article 110 of the Association Agreement promotes the participation of Moldova to the EU Strategy for the Danube Region. The participation of Moldova in the Danube Transnational Programme will contribute to further strengthen the policy making capabilities of the Government of Moldova. Exchange of experiences, know-how and lessons learnt with neighbouring countries will contribute to deepen the professional knowledge and motivation of public employees involved in the project

**2 RISKS AND ASSUMPTIONS**

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>



Geopolitical tensions and poor economic performance hamper political stability and Governments actions	M	Intensified policy dialogue with the Government and local stakeholders following (and within) the framework of the Association Agreement
Policy coordination is ineffective for ensuring compliance with EU Acquis approximation process	H	Support to the Government/Parliament in ensuring policy coordination and proper understanding of the requirements coming from Association Agreement
No reform of territorial units is passed and the number of local entities remains at current level (898) which jeopardises the financial sustainability and the success of the fiscal decentralisation process	M	Continuous policy dialogue with the authorities in order to rationalize the current structure. In the absence of reform, public service delivery for local authorities must be re-engineered promoting cost-effectiveness and the use of shared management when relevant
Lack of availability of information from relevant public bodies and institutes essential to carry out statistical works in an efficient and timely manner, Lack of clarity relating to policy, strategic and operational responsibilities and insufficient commitment to resolve differences rapidly	M	Continuous engagement to implement an interactive cooperation platform between stakeholders so they can exchange their information with benefits for both parties. Initiation of a regular cycle of meetings with all key stakeholders to redefine their policy, strategic and operational responsibilities until the problem is solved
High staff turnover	M	Preparation of mitigation strategy, capacity building and trainings to institutions' management on Human Resources development and staff detainment
<b>Assumptions</b>		
<ul style="list-style-type: none"> <li>• The Republic of Moldova pursues its objective of intensified relations and economic integration with the European Union through the implementation of the Association Agreement and pursues its efforts to modernise its public administration.</li> <li>• The Government of Moldova is committed to a long-term public administration reform process and will create a high level Public Administration Reform committee to steer the PAR process. PAR strategy is adopted.</li> <li>• The Government is committed to improving policy development and coordination, and will continue to improve the decision-making processes in line with European practice as well as ensure efficient donor coordination.</li> <li>• The beneficiary institutions are properly staffed and have the necessary absorption capacity to receive and benefit of the proposed actions.</li> <li>• The Government of Moldova is committed on the public availability of statistics and free accessibility to them for all other public bodies for purposes of policy planning, programming and research.</li> </ul>		

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

#### 3. 1. Lessons learnt

The Comprehensive Institution Building (CIB) programme (2011-2013) included three clusters - Public Administration Reform, Rule of Law and Deep and Comprehensive Free Trade

Agreement. Within the Public Administration Reform cluster, the scope of the activities was divided between Public Finance Management and general Public Administration Reform. The following lessons learnt could be drawn from the current situation regarding the CIB implementation:

- There is a need to ensure a high-level coordination mechanism at the centre of the government. The weakness of the PAR coordination structures within the Government (State Chancellery) were shown when, in the absence of any Technical Support project, the SC could not renew an overarching global PAR strategic framework despite a draft was prepared by World Bank already in December 2013.
- The capacity of the Government of Moldova to adequately match EU assistance to the priority areas - as agreed within SSF and the Association Agreement/DCFTA - and to coordinate effectively the needs of line Ministries remained weak.
- The Single Support Framework (with the option of possible budget support assistance on PAR) enables for higher level policy dialogue, which is a clear strong point as a contrast of tools made available within CIB.

### **3. 2. Complementarity, synergy and donor coordination**

Donor coordination with respect to Public Administration Reform is currently divided between the State Chancellery and the Ministry of Finance.

The EU, World Bank, the United Nations Development Programme (UNDP), the United States Government agency USAID, Germany and the Swedish International Development Cooperation Agency (SIDA) are the main donors in the field of Public Administration Reform including statistics. The Solidarity Fund PL also runs an Information Center for Local Authorities (ICLA) in Ialoveni supporting democracy on the local level as well as the implementation of actions that support economic sustainability.

The Comprehensive Institution Building instrument (2011-2013), currently at implementation phase, is contributing to the Public Administration Reform by enhancing the capacities of the Central Public Administration, namely through the Twinning instrument and through Technical Assistance. The EU High Level Advisory Mission III has been providing strategic advice to key institutions. A new mission of High Level Advisors is to be launched in the first trimester of 2016 foreseeing a wider range of expertise to be provided, including a High Level Advisor in Public Administration Reform that could help the Moldovan Authorities to address, strategically, the challenges ahead.

Technical assistance has been provided from the OECD/SIGMA programme in the areas of Public Service and Human Resources Management as well as Public Financial Management, especially Public Procurement and Financial Inspectorates. Following to the adoption of the Principles of Public Administration (OECD/SIGMA, November 2014), SIGMA will provide a baseline assessment of all six core areas of PAR (Strategic framework for PAR, Policy development and coordination, Public Service and Human Resources Management, Accountability, Service Delivery and Public Financial Management) according to these principles for the Central Public Administration by the end of 2015. The findings are expected to be the basis for the PAR Committee for preparation of the PAR strategy and action plan. The assistance needs for strategy development and monitoring of implementation will be covered in a complementary manner from the technical assistance project funded under this Action, SIGMA and TAIEX (Technical Assistance and Information Exchange instrument of the European Commission).

A Twinning project, which started in April 2015 and will end in April 2017, is supporting the Civil Service training systems and Human Resources Management as well as the support to the de-politicisation of the administration by consolidating the role of the State Secretaries. Through this project implemented by Lithuania, the coordination among Human Resources units will be improved, new training curricula will be updated as well as consolidated role of the State Secretaries. The envisaged project under this action will complement the ongoing twinning project, because training needs of the broader scope of the public employees as well as the optimisation of the public training provider's system currently in place will be covered under the future project. There is no overlap with the World Bank assistance, which is focusing on improvement of the salary system.

Regarding public service delivery, the World Bank and the USAID Development Agency have contributed to the establishment of the e-Government Centre within the State Chancellery. The e-Government Centre implements the national Agenda of Governance e-Transformation, focusing on the e-Governance enabling technical, policy and legal frameworks, and on the whole-of-Government platforms and shared e-Government products to be reused by sectorial authorities and local public administration entities.

The plans of the Government have linked the e-Transformation agenda with the public service modernisation, where other donors have been actively working, namely the partially EU-funded project – implemented by GIZ (Gesellschaft für Internationale Zusammenarbeit) - on Modernization of Public Services (Pilot Regional Development Programmes) as well as from the USAID funded Local Government Support Project in Moldova.

United Nations Women, together with UNDP, have implemented the project - funded by Sweden - for the Bureaux of Common Services addressed to vulnerable groups mainly in some targeted country side regions. The envisaged project under this action aims at build on the basis of the lessons learned from the previous projects, adopting a country-wide approach.

With regard to statistics, complementarity will be ensured with the current project funded by the Swedish International Development Cooperation Agency (SIDA), the UNDP project and the EU funded project on Regional Statistics and this action. Synergies and complementarities have been already established among the three ongoing projects in order to ensure the achievement of the objectives set out in the Association Agreement.

### **3. 3. Cross-cutting issues**

Issues such as gender, environment, good governance (decentralisation, efficient administration that is accountable and oriented towards serving the people), human rights, the rule of law, democracy, development of the role of civil society and children rights cut across government departments and levels of government.

The present action has a positive impact on crosscutting issues such as:

- (i) Environment – The use of ICTs tools as eco-friendly technologies in the provision of public services are important in support of environment and climate protection, also the support to Republic of Moldova's participation in the Danube Transnational Programme will allow the implementation of projects under the third pillar – "Protecting the environment and for promoting sustainable development";
- (ii) Gender equality - It is at the centre for sustainable development and inclusive policy making, backed up by timely and quality statistical data provided by National Bureau of Statistics;

(iii) Rights based approach – It will be part of the training curricula for public employees. Also the Danube Transnational Programme foresees interventions to enhance the capacities of beneficiary to participate in projects dealing with equity, social cohesion, gender equality, poverty and social inclusion.

#### **4. DESCRIPTION OF THE ACTION**

##### **4.1. Objectives/results**

The **overall objective** of this action is to enhance the institutional and human resource capacity of the central and local public administrations to elaborate and implement evidence based policy and to ensure the efficient and effective delivery of high quality public services in line with the European Principles of Public Administration.

The **specific objectives** are (1) to contribute to the horizontal public administration reform process in Moldova in order to improve efficiency, effectiveness and accountability of Moldovan Public Administration and (2) to strengthen administrative capacity of Moldovan Administration to meet the requirements of the Association Agenda.

##### **Results/Outputs**

###### **Component 1: Horizontal Public Administration Reform process**

1.1 The strategic framework of Public Administration Reform is in place, implemented and regularly monitored by relevant stakeholders.

1.2 Policy development and coordination and legal approximation capacities are improved.

1.3 Public administration employees at national and sub-national level have improved professional capacity and motivation.

1.4 Delivery of selected public services is re-engineered and implemented country-wide.

###### **Component 2: Administrative capacity development for the Association Agenda**

2.1 The National Bureau of Statistics (NBS) is compliant towards approximation to EU norms and standards in line with Chapter 6 to the AA including systematic production of gender and age disaggregated data wherever appropriate.

2.2 Administrative capacity of Moldovan administration both at central and local level is improved to ensure efficient participation in the Danube Transnational Programme (DTP).

##### **4.2. Main activities**

The main activities to be performed under component 1 include:

###### **Result 1.1**

- High level Public Administration Reform Committee meets regularly and, through adequate technical support, steers the design of strategic framework, its implementation and overall monitoring;
- Wide functional review of Public Administration structures is carried out and follow-up measures are implemented;
- Legislative support to the implementation of Public Administration Reform is provided to stakeholders;
- Monitoring and evaluation system of the Public Administration Reform is put in place and it is functioning;
- Evidence based policy is effectively carried out by the Government of Moldova;

- Communication and coordination with relevant stakeholders (State Chancellery, Ministry of Finance, Parliament, and Civil Society Organisations) is ensured.

#### Result 1.2

- Capacity of Government of Moldova to approximate EU Acquis and implement AA is supported;
- Evidence based policy is promoted and capacity to develop legislation is supported;
- Capacity of Government of Moldova for effective policy coordination is supported;
- Regulatory process is improved, including regular use of public consultation with civil society organisations.

#### Result 1.3

- Training modules adequate to real Public Administration needs, mainstreaming cross-cutting issues (namely gender, rights based approach and environmental concerns) in policy-making are designed and implemented;
- Training system for Public Administration employees is rationalised and improved;
- Professional capacity and motivation for Public Administration employees at national and sub-national level are improved.

#### Result 1.4

- Re-engineering of selected Public Services country-wide:
  - (i) Opening and Closing a Business (one-stop shop for Opening and Closing Businesses-related services)
  - (ii) Public Procurement
  - (iii) Application for Social Benefits (Social Insurance Service)
  - (iv) Admission to the Higher Education Institutions
- Digitalisation of selected public services is carried out.

The main activities to be performed under component 2 include:

#### Result 2.1

- The role of the National Bureau of Statistics as coordinator of the national statistical system, strengthening its capacity to access and use administrative registers of Moldovan institutions for statistical purposes, is enhanced;
- Data collection methods, including by adopting new technologies are improved;
- Modern data editing and imputation methods are implemented within National Bureau of Statistics;
- IT system for data processing and dissemination, in particular through support for upgraded software (and/ or development) and web dissemination of statistics are strengthened.

#### Result 2.2

- The regional cooperation among the Public Administration of Moldova and other participants to the EU Strategy for the Danube Region (EUSDR) is improved at sectorial level. Public Administration employees participate in Danube Transnational Programme 2014-2020 and the capacities of public institutions and key actors involved in complex transnational project development to implement the EUSDR is ensured in an effective way.

### **4.3. Intervention logic**

This action is aimed at consolidating the Public Administration System of Moldova at all levels, its increased efficiency and effectiveness, particularly through the operational implementation of the principles of the transparent and evidence based policy making, supported by the improved institutional and human resources capacities.

## 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 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed 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 Activities under component 1

Subject	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
(1) Call for tender <Support to PAR processes> (direct management) – Result 1.1	Services	1	second trimester 2016
(2) Call for tender <Policy Development - Association Agreement> (direct management) - Result 1.2	Services	1	second trimester 2016
(2) Call for tender <PA employees capacity building and motivation> (direct management) – Result 1.3	Services	1	third trimester 2016
(3) Call for tender <Re-engineering of selected public services delivery> (direct management) – Result 1.4	Services	1	second trimester 2016

#### 5.3.2 Activities under component 2 (except Moldova's participation in the DTP)

Subject	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Call for tender <NBS services> (direct management) – Result 2.1	Services	1	second trimester 2016
Call for tender <NBS supplies> (direct management) – Result 2.1	Supplies	1	fourth trimester 2016

### 5.3.3 Moldova's participation in the Danube Transnational Programme

Management of the sub-component "Moldova's participation in the Danube Transnational Programme" will be delegated to Directorate General for Regional and Urban Policy of the European Commission (through a cross-sub delegation) and implemented under shared management by Hungarian Managing Authority.

#### 5.4. 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.

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 achievement of this action impossible or exceedingly difficult.

#### 5.5. Indicative budget

	<b>EU contribution (amount in EUR)</b>
<b>Component 1: Horizontal Public Administration Reform process – procurement (direct management)</b>	<b>10 800 000</b>
<b>Component 2: Administrative capacity development for the Association Agenda</b>	
- Procurement of NBS services and supplies (direct management)	<b>4 000 000</b>
- Moldova's participation in the Danube Transnational Programme (shared management)	<b>5 000 000</b>
<b>Evaluation and Audit</b>	<b>200 000</b>
<b>Totals</b>	<b>20 000 000</b>

#### 5.6. Organizational set-up and responsibilities

A multi-stakeholder approach will be followed in a single Project Steering Committee that will ensure complementarity and synergies between all actions covering the component 1. Main counterparts of the activities under component 1 will be the following (list is indicative): State Chancellery; Representatives from Regional and Local authorities; Academy of Public Administration; Ministry of Foreign Affairs and European Integration; Ministry of Finance; Ministry of Economy.

Activities under component 2 will have the following stakeholders in the relevant Project

Steering Committee: State Chancellery; National Bureau of Statistics; Ministry of Regional Development and Construction. Moldova's participation to the EUSDR will follow the specific regulation of the Danube Transnational Programme.

### **5.7. Performance monitoring and reporting**

At the top level, the overall strategic monitoring of the implementation of this programme implementation will be carried out by PAR Committee. Overall donor coordination will be ensured by the State Chancellery at all levels.

As contracting authority, the European Union Delegation to the Republic of Moldova will execute regular monitoring tasks 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 log frame 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).

### **5.8. Evaluation**

Having regard to the nature of the action, a mid-term review will be carried out as well as a final evaluation for this action and 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), taking into account in particular the fact that the public administration reform is a central area of EU-Republic of Moldova cooperation.

The Commission shall inform the implementing partners at least two months in advance of the dates foreseen for the evaluation missions. The implementing partners 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, the reorientation of the project.



Indicatively, two contracts for evaluation services shall be concluded under a framework contract in the first trimester 2018 and the final evaluation to be tendered in the first trimester 2020. The contracts will be funded under the budget of the current Action.

### **5. 9. 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 indicatively in first trimester 2019 and first trimester 2020.

### **5. 10. 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 indicated in section 5.5 above.

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 individual actions shall each contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan, to be elaborated at the start of implementation of the contracts.

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. The Communication and Visibility activities will be conducted in accordance with the Communication and Visibility Manual.

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)<sup>2</sup>

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
<b>Overall objective: Impact</b>	The overall objective of this programme is to enhance the institutional and human resource capacity of the central and local public administrations to elaborate and implement evidence based policy and to ensure the efficient and effective delivery of high quality public services in line with the European Principles of Public Administration.	Corruption index perception (CPI) in public sector decreased*  Government effectiveness	103th (2014)  41 (2013)	50 <sup>th</sup> (2020)  69 (2020)	Transparency International,  World Governance Indicators (World Bank)	The Republic of Moldova pursues its objective of improved relations and economic integration with the EU and pursues its efforts to modernize its administration.
<b>Specific objective: Outcome</b>	<b>(1) Improved efficiency, effectiveness and accountability of Moldovan Public Administration</b>  <b>(2) Stenghtened administrative capacity of Moldovan Administration to meet the requirements of the Association Agenda</b>	Savings in administrative costs for state budget coming from rationalization of Public Administration structures  No./% of national institutions providing on-line qualitative and quantitative information on public services delivered*  No./% of local institutions providing on-line qualitative and quantitative information on public services de-livered*  % of EU regulation approximated and effectively implemented coming from AA requirements	0% Savings of Administrative costs are coming from rationalization of Public Administration structures  N/A (2014)  N/A (2014)  N/A (2014)	At least 5% of administrative costs are saved due to rationalization of Public Administration structures (2015-2019)  100% (2019)  50% (2019)  60 % (2019)	Ministry of Finance  Global Report on Public Administration Reform  E-Government Centre reports.  Minutes from Association Council. Line Directorate-Generals – European Commission	Sufficient resources (human and material) are allocated by the beneficiary institutions to achieve project outputs.  The Public Procurement regulation is aligned with the relevant EU standards.

<sup>2</sup> Indicators aligned with the relevant programming document are marked with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

	1.1 The strategic framework of Public Administration Reform (PAR) is in place, implemented and regularly monitored by relevant stakeholders	PAR Strategic framework in place*	PAR Strategic framework not adopted (2014)	PAR Strategic framework adopted and revised (2018)	Official Journal
		PAR Committee approves Strategic documents and Annual Plans in each subsector of PAR*	PAR Committee is not established (2014)	PAR Committee is established and updates all PAR strategic framework and annual plans (2018)	Government of Moldova reports
		Global reports on Public Administration Reform are updated and published	No global report on PAR is published (2014)	Global report on PAR is published yearly (2017)	SIGMA Assessments
		Main stakeholders, including Government, Parliament, and CSOs, meets for debating PAR	No wide stakeholders meeting is gathered on periodic basis (2014)	At least once a year, main stakeholders gathers (2017)	Minutes of the Meetings
	1.2 Policy development and coordination and legal approximation capacities are improved	Percentage of legislative initiatives linked with EU approximation follows the principles of transparency, accountability and inclusivity in decision-making process	N/A (2014)	At least 80% (2018)	Government of Moldova Activity Report
		Percentage of legislative initiatives linked with EU approximation accordingly budgeted in the Medium-Term Budgetary Framework	N/A (2014)	At least 80% (2018)	Parliament Activity Report
		Number of inter-ministerial meetings for policy coordination	4 (2014)	12 (2018)	Minutes of inter-ministerial meetings
	1.3 Public administration employees at national and sub-national level have improved professional capacity and motivation	Turnover of civil servants within Central Public Administration in average	16% (2014)	10% (2019)	Annual Reports on Civil Service by Government of Moldova
		% of Public Employees receiving more than 40 hours of training per year	N/A (2014)	At least 50% (2019)	Survey on Public Employees and working conditions
		% of Public Employees feel motivated	No survey available (2014)	At least 50% (2019)	
	1.4 Delivery of selected public services is re-engineered and implemented country-wide	Geographical coverage of one stop shop for opening and closure of business service	0% (2014)	At least 90% (2019)	Project Reports
		Geographical coverage of e-Application for the selected Social Benefit Service	0% (2014)	At least 80% (2019)	IT application Survey on access points
		Geographical coverage of the service e-Admission to Higher Education Institutions	0% (2014)	At least 80% (2019)	E-Government Center reports
		% of Moldovan citizens satisfied with the quality of selected PSs	0% (2014)	At least 60% (2019)	National Citizen Satisfaction Survey 2019
	% Public Tenders done via e-Procurement tool.	0% (2014)	At least 80% (2019)	Report from Ministry of Finance. Project reports	
2.1 The National Bureau of Statistics (NBS) is compliant towards approximation to EU norms and standards in line with Chapter 6 to the AA	National Strategy for Statistics (NSS) is in place and adopted Multi-annual programme for statistical works	NSS not in place (2014)	NSS in place and developed through annual plans (2018)	National Bureau of Statistics	

