

ANNEX 4

of the Commission Implementing Decision on the Annual Action Programme 2013 in favour
of the Republic of Moldova

Action Fiche for Support to the Implementation of the Visa Liberalisation Action Plan

1. IDENTIFICATION

Title/Number	Support to Implementation of Visa Liberalisation Action Plan <i>ENPI/2013/024-405</i>		
Total cost	Total amount of EU budget contribution: EUR 21,000,000 of which: EUR 20,000,000 for budget support EUR 1,000,000 for complementary support		
Budget support			
Aid method / Method of implementation	Direct centralised management Sector Reform Contract		
Type of aid code	A02 – Sector Budget Support	Markers	BSAR
DAC-code	15210	Sector	Security system management and reform
Complementary support			
Aid method / Method of implementation	Direct centralised management (procurement of services)		
DAC-code	15210	Sector	Security system management and reform

2. RATIONALE AND COUNTRY CONTEXT

2.1. Summary of the action and its objectives

The overall objective of this programme is to improve the mobility of Moldovan nationals, while ensuring public order and security, consolidating the rule of law and strengthening human rights protection in line with European standards and best comparative practices.

2.2. Country context

The main goal of the Government in this area is to conclude a visa-free travel agreement with EU, while promoting free and secure movement of persons inside EU and in its vicinity. Depending on the level of fulfilment of the benchmarks of Visa Liberalisation Action Plan

(VLAP) and the overall development of EU-Moldova relations, the European Commission will be enabled to request the European Parliament and the Council to lift the short-stay visa requirements for Moldovan citizens through an amendment to Regulation 539/2001¹.

2.2.1. Main challenges towards poverty reduction/inclusive and sustainable growth

GDP of Republic of Moldova (hereafter Moldova) grew on average by 4.6% annually during 2000-2012, with high disparities from 6.3% during 2000-2005, to 3.2% for the rest of the period, due to a strong influence of the global economic trends. The current estimates table on an average annual GDP growth of 4.7% during 2012-2020. The economic model remained, to a large extent, based on consumption, with limited impact over the creation of new jobs in the country. Remittances, rather than wages, became an important source of revenue, particularly, in rural area.

Inflation is constant at around 7-8% over the last years. The fiscal consolidation process continued in 2011 with a budget deficit of 2.4 % of GDP that further reduced to 2.1% of GDP in 2012. The absolute poverty rate decreased from 67.8% in 2000 to 21.9% in 2010.

The share of the population registered as active has decreased constantly over the recent years from 59.9% in 2000 to 40.7% in 2012. Of these, the 15-29 years age group counts for 27.2%. The unemployment rate among them is 13.9%, nearly double the national unemployment rate of 7.4%.

2.2.2. Fundamental values

Since 1991 Moldova has built foundations of a democratic system of government, based on respect for fundamental rights and freedoms. Local and parliamentary elections have been generally held in an orderly manner ever since. Significant reforms have been pursued to strengthen democracy, rule of law, respect for human rights (including the media freedom and minority rights), the fight against corruption and trafficking in human beings. Further positive developments in these key areas are underway, attesting democratic evolution of Moldova's political, legal and socio-economic system and its ability to sustain cooperation with the European Union.

2.3. Eligibility for budget support

2.3.1. Public policy

- a) The National Development Strategy "Moldova 2020" (NDS) is the basis of Moldova's development policy. Its overall objective is to produce a global social and economic impact, the cumulative effect of solving the problems will remove critical barriers that prevent the optimal use of resources and ensure qualitative economic development and poverty reduction.
- b) The NDS pursues the reforms outlined in the Economic Growth and Poverty Reduction Strategy Paper (EGPRSP) and the Moldova-European Union Action Plan (MEUAP) aiming at aligning Moldova to EU standards with the objective of European integration. National policies focus on economic development and reduction of poverty by increasing access to the key sectors: rule of law and democratic governance. NDS initiatives are

¹ Council Regulation (EC) No 539/2001 of 15 March 2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement (OJ L81 of 21/03/2001).

reflected in the national budget and in the Medium-Term Budget Framework (MTBF), a process introduced in 2002. The new budget classification system introduced in 2012 will focus on non-financial performance information, ensuring that the priorities of the NDS are reflected in the budgets.

- c) The development of the National Development Strategy and specifically the Annotated Agenda on implementation of Visa Liberalisation Action Plan are based on a large public consultation process. The Government and, to a larger extent, the political stakeholders are committed to its successful implementation for which they are largely accountable. These documents include contributions from all stakeholders, including international donors and were developed through a participatory process.

On the basis of this assessment, it is concluded that the policy is considered sufficiently relevant and credible for budget support programme objectives to be largely achieved. Therefore the policy can be supported by the Commission with the proposed Sector Reform Contract.

2.3.2. Macroeconomic policy

In addition to the remittances (23 % of GDP in 2011), the importance of the agricultural sector remains significant with 12% of GDP, 28% of the labour force and more than 45% of exports through a strong agro-processing industry contributing an additional 8% to GDP. The rural poverty is the highest at 30% (2010). The real GDP growth is projected to slightly recover in 2012 at 0.3% before rebounding to 4% in 2013 on the account of a recovering agriculture and gradual improvement in external conditions. The budget deficit is projected at a higher than expected 1.9% of GDP in 2012 due to lower revenue, stemming mainly from the cyclical weakness of the economy. Pursuant to the agreements with International Financial Institutions² the Government of Moldova is implementing measures for preserving macroeconomic stability:

- Enacting a law on public finance containing a new *fiscal responsibility framework* in 2013;
- New mechanism for allocating capital expenditure based on projects' viability, economic growth potential, and capacity for implementation with the view to increasing *efficiency of public investment*;
- Strengthen *tax administration* along several dimensions, including reducing tax evasion;
- Undertaking structural reforms for reducing the losses and inefficiencies generated in the state owned enterprises.

The measures on reducing the vulnerability to external shocks, mono-cultural economy and dependence on limited export destination will show their impact in the coming years together with the improvement of the business environment and developing capacity in the public sector for facilitating businesses and foreign trade. Since January 2010, the IMF supported the Government of Moldova in its efforts to restore fiscal, external, and financial sustainability and promote growth by two arrangements: the Extended Credit Facility and the Extended Fund Facility, amounting in total to SDR 369.6 million (USD 562.5 million at present). Five reviews have been completed so far, releasing SDR 320 million to support the balance of payments. The sixth review is still pending due to some delays in programme implementation

² IMF and World Bank.

and due to political uncertainty. The IMF programme which is due by end of April was put on hold rather than went off the track for the same reason. According to IFIs, some decisions taken by the Moldovan authorities on the last day before resignation, by adopting increases in pensions and wages for top civil servants as well as by introducing common tax for agricultural producers, might hinder further stabilization of economy and fiscal consolidation. The IMF is also expecting the GoM to implement measures agreed on the stabilisation of the Banca de Economii, a majority state-owned bank having an important systemic role in country's financial system. As the IMF' conditions mentioned above are only part of a whole package of measures it can be expected that the Moldovan authorities will make the necessary decisions in the short term and comply with the IMF conditions, as they are crucial for the access of funding provided by the donor community and other international organisations. Except for this delay since 2010 the Government of Moldova has demonstrated very high level of commitment for reforms and followed credible stability-oriented macro-economic policy.

Based on the analysis above it is concluded that the authorities pursue a credible and relevant stability oriented macroeconomic policy aiming at restoring fiscal stability and sustainability, although some slippages in macroeconomic policies implementation could be observed. These should be seen and perceived in context of current political turmoil which once settled will put Moldova back on track towards its commitments to IMF and other IFIs.

2.3.3. Public financial management (PFM)

- a) The Moldovan budget classification system captures all basic elements of an administrative, economic and functional classification. There are no unreported government operations and all projects funded by major donors are part of budget appropriations and fiscal reports. The latest Public Expenditure and Financial Accountability (PEFA) assessment denotes full transparency in terms of public access to key fiscal information. The State Tax Service is implementing a Compliance Risk Model for increasing volunteer payment of taxes due. However more systematic measures have to be applied based on unpopular policy decisions in order to tap major sources of taxes. Measures addressing all areas of unsatisfactory performance according the PEFA 2011 are implemented by the Moldovan authorities supported by technical assistance and twining projects. In this aspect it can be concluded that there is credible programme for improving the PFM and it is in process of implementation.
- b) The overall Public Finance Management (PFM) reform agenda (despite of not being yet formulized in a overarching PFM strategy) is considered sufficiently *relevant* because well designed reforms have been undertaken in all PFM aspects. A top-down approach has been used so far for setting up the general PFM legal framework; reengineering the PFM process and updating the PFM related IT systems. The PFM reform strategy is considered sufficiently *credible* because it has dealt with the PFM basics so far by establishing well performing mechanisms for MTBF, IMF GFS2001 standards' compliant budget classification and chart of accounts, annual budgeting, maintaining sound cash control via the Treasury Single Account, keeping the public expenditure within the budget allocations, producing compliant and comprehensive budget execution reports, made available to the public together with the audit opinion.

2.3.4. Budget transparency and oversight of the budget

Over the years the Ministry of Finance has succeeded to adopt disciplined approach in preparing reasonably good quality budget documents. In terms of timeliness the budget

calendar has been always respected by the Government and Parliament. The Court of Accounts has always provided an opinion (unqualified) on the State budget' execution report. Satisfactory progress is considered to be made as the Executive's budget proposal and the enacted budget for 2013 were published respectively on the 26 September 2012³ and 21 December 2012⁴. All of the budget- related documents are published in Romanian and Russian on several web-sites.

2.4. Lessons learnt

Since the EU VLAP was presented to the Moldovan Government on 24 January 2011, the process of its implementation has been permanently monitored, reviewed and assessed by all the parties involved (EU and Moldova). The first progress report on the implementation of the Phase I of the VLAP was submitted to the EC by the Moldovan Government already on 23 May 2011.

As a result, a series of EC expert missions were carried out in July – August 2011 that assessed the degree of implementation by the Moldovan authorities of the benchmarks set in all the 4 thematic blocks of the VLAP. The EC consolidated report on the implementation of the Phase I benchmarks issued on 21 September 2011 mentioned the considerable progress made by the Moldovan authorities in the amendment, adjustment and development of the legal framework in the area.

The gaps identified in the EC report have been addressed in the second and third progress reports submitted by the Moldovan Government during 2011 and 2012. In consequence, in November 2012, the EU Council has taken the decision to pass to the Phase II of the implementation of the VLAP after Moldovan Government has fulfilled all the benchmarks with regard to legal approximation of Phase I.

In February and March 2013, a series of EC expert missions have assessed the level of implementation of Phase II benchmarks by the MD authorities and the consolidated evaluation report will be made public already in the middle June 2013.

2.5. Complementary actions

EU support helped in achieving the VLAP objectives during the first phase of the VLAP implementation, and setting groundwork for the second phase. The Border Police, in particular, continues to benefit from numerous EU-funded or co-funded technical assistance (TA) and equipment delivery projects (“Fixed and Mobile Communications Network Project”). More support will be available by ways of twinning for the Ministry of Interior and other stakeholders. The Justice Sector Policy Support Programme will also contribute to the needs of the visa dialogue, by supporting Moldova’s criminal investigation sub-sector reform.

Moldova is also a pilot country benefitting from the ‘Mobility Partnership’ with EU through 85 joint bilateral and multilateral projects with various member states. The instrument has helped greatly in managing the migration flows. USAID will continue its contributions to the sector by way of technical assistance activities to build capacity at Ministry of Interior and General Prosecutor's Office, and will provide comprehensive support for the introduction of e-courts system.

³ http://www.gov.md/public/files/ordinea_de_zi/26.09.2012/Intr03.pdf

⁴ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=345921>

2.6. Risk management framework

a) Identification of the major risks

The major risk remains with the stability of the newly elected Government and its high level commitment and capacity to follow the dynamic pace of reforms and actions set in this sector. Other risks related to lack of single policy document for visa liberalisation, polarisation and partisanship, institutional and absorption capacity, are also the factors exposing the action to certain risks.

b) Overview of the mitigating measures

The political instability in Moldova and discontinuity of governmental structures can be mitigated by the overwhelming political consensus as to the acceptability of objectives of VLAP, as a core precondition of Moldova's economic and social development and inevitable pathway towards closer EU integration. It is thus reasonable to assume that any new composition of the Government will continue implementation of the VLAP objectives.

Lack of a single policy document: the Sector Programme consisting of a vast number of wider and narrower policy papers can be mitigated by a clear ownership of the sector by the Government and the fully operational coordination mechanism, able to channel and streamline the policy, if needed.

Polarisation and partisanship among some sector stakeholders (especially those not under the vertical control of the Executive, such as Prosecutor General Office) with regard to some aspects of the sector reforms, delaying or undermining the programme formulation and implementation also need special attention. This can be mitigated by an efficient coordination mechanism. Moreover, the vast extent of the programme activities will be directed towards the Government-controlled stakeholders and built around them (notably the Ministry of Interior).

Insignificant absorption capacity of the main institutions and high staff turnover, difficulties in filling in vacancies for governmental positions, including finance department and procurement units can be mitigated by the relatively strong and consistent staffing of the core (Ministry of Interior) and other stakeholders, and the existence of 'back-office' capacity within the stakeholders to help successfully implement the programme.

3. DETAILED DESCRIPTION OF THE BUDGET SUPPORT CONTRACT

3.1. Objectives

The overall objective of this Sector Reform Contract is to improve the mobility of Moldovan nationals, while ensuring public order and security, consolidating the rule of law and strengthening human rights protection in line with European standards and best comparative practices.

The specific objectives of this Sector Reform Contract are derived from the EU-Moldova Action Plan on Visa Liberalisation:

1. Enhanced border management;
2. Enhanced migration management;
3. Enhanced public order and security.

3.2. Expected results

Through a dialogue with the stakeholders, several key results areas have been identified where achievements and targets will be more specifically supported; the numbering corresponds to the results of the VLAP.

- Result 1.1** Operational Integrated Border Management (IBM) System is developed
- Result 1.2** Operational coordination mechanism and policy development in border management are in place
- Result 2.1** Comprehensive system of collection and analysis of data on migration stocks and flows and asylum is functional
- Result 2.2** Capabilities at One-Stop Shop (OSS) for documentation of foreigners are developed and improved
- Result 2.3** Operational mechanism for combating illegal migration is in place
- Result 2.4** Operational system for integration of foreigners, refugees and beneficiaries of humanitarian protection is functional and sustainable multi-year budget funding is ensured
- Result 2.5** Capabilities for reception of asylum seekers are developed and sufficient staff and funding is provided
- Result 2.6** Operational coordination mechanism and policy development in migration management are in place
- Result 2.7** Document security and reliability capabilities are developed in line with EU best practices
- Result 3.1** Performance in fighting organised and cross-border crime is improved
- Result 3.2** Performance in fighting high level corruption and corruption in law enforcement is improved
- Result 3.3** Integrated Information System (IIS) between various law enforcement agencies involved in detection and prevention of crime is established and operational, including on trafficking of human beings (THB)
- Result 3.4** Intelligence-led policing (ILP) concept in detection and prevention of crime is applied, alongside a strategic analysis model
- Result 3.5** Operational mechanism for coordination and policy development of national and international detection and prevention of crime is in place

3.3. Rationale for the amounts allocated for budget support

The total amount allocated to the implementation of the Visa Liberalisation Action Plan under the NIP is EUR 21 million, of which 100 % is to be delivered under the present programme. This amount is based on:

1. A well-defined sector policy is in place since the government approved the EU-Moldova Action Plan on Visa Liberalisation, including an Action Plan with indicators of achievement, distribution of funds and a clear timeline.

2. The analysis of the macroeconomic framework shows that the macroeconomic policy is conducive to maintaining macroeconomic stability and is not expected to put at risk sector objectives. A three-year agreement for a combined Extended Credit Facility (ECF) and Extended Fund Facility (EFF) was agreed with the IMF in January 2010 and has remained on track during its implementation since.

3. The analysis of PFM shows that Moldova has established a credible and relevant programme of improvement of PFM confirmed by a PEFA Assessment update in late 2011 in which most indicators were assessed at A or B. The assessment and the PFM reform review processes carried out show that trends in PFM justify the allocation of budget support with respect to the legal requirements concerning this eligibility criterion.

4. The requirement on transparency and oversight of the budget has been fulfilled. The Annual Budget Law for 2013 has been approved in November 2012 and published in the Official Gazette of the Republic of Moldova in December 2012. The approved law has been placed on the Moldovan legislation web-portal.⁵ The latest annual audit report dates September 2012. The latest 2008-2010 PEFA assessment denotes full transparency in terms of public access to key fiscal information.⁶

3.4. Main activities

The main activities to implement the budget support package are policy dialogue, financial transfers, performance assessment, reporting, capacity development, procurement and supplies.

3.4.1. Budget Support

Result 1.1 - Operational Integrated Border Management (IBM) System is developed:

- Feasibility study for an Integrated Information System (IIS);
- Procurement of a secured IIS integrating personal data protection;
- Develop and implement the interoperability with other national ISS;
- Creation of national Joint Risk Analysis Group at national level tasked with identification of border management risks, including on THB risk analysis;
- Development of face recognition software (FRS) capabilities in conjunction with Moldovan Customs and purchase of hardware.
- Introduce fixed technical surveillance systems along the land border.
- Acquire sufficient equipment for second-line checks for every BCP as recommended by the Schengen Catalogue. Acquire devices for checks on vehicles for the purpose of detecting hidden persons.

Result 1.2 - Operational coordination mechanism and policy development in border management are in place:

⁵ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=345921>

⁶ According to PEFA assessment, the *public access to key fiscal information* (indicator PI-10) has been rated with highest "A" mark, denoting full transparency and access to budget information in line with the standards and best practices. All key dimensions of this indicator (annual budget documentation, in-year budget execution reports, year-end financial statements, external audit reports, public contract awards) have been reported as compliant.

- Approximation with Schengen standards and best European practices on information exchange in border control area;
- Operational communication channels and data exchange networks between Moldovan and foreign IIS based on Schengen rules and principles.

Result 2.1 - Comprehensive system of collection and analysis of data on migration stocks and flows and asylum is functional:

- Development of risk analysis, intelligence and data flow management capabilities with special emphasis on reinforcement of the risk analysis units within Bureau of Migration and Asylum.

Result 2.2 - Capabilities at One-Stop Shop (OSS) for documentation of foreigners are developed and improved:

- Development of a BMA (Bureau of Migration and Asylum) web site;
- ‘On-the-spot’, mobile and online services provided on BMA website in compliance with European standards and best practices.

Result 2.3 - Operational mechanism for combating illegal migration is in place:

- Development of inland detection capabilities and mobile units;
- Amendment of the policy and regulatory framework in accordance with European standards and best practices;
- Creation of dedicated units to combat illegal migration, and reinforce cooperation with the Border Police.

Result 2.4 - Operational system for integration of foreigners, refugees and beneficiaries of humanitarian protection is functional:

- Development and approval of the legal framework for the creation of integration centres for foreigners (ICF);
- Development and approval of the legal framework for the creation of integration centres for refugees and beneficiaries of humanitarian protection (ICR);
- Creation of central and local points for ICR and ICF.

Result 2.5 - Capabilities for reception of asylum seekers are developed:

- Cooperation agreements with non-governmental organisations (NGOs) and civil society organisation (CSOs) on social, psychological and legal services for asylum seekers;
- Social, psychological and legal services for asylum seekers (including online) developed and provided at central and local level, including in partnerships with NGOs and CSOs.

Result 2.6 - Operational coordination mechanism and policy development in migration management:

- Approximation with European standards and practices on information exchange in migration area;
- Gap analysis and approximation of regulatory framework according to European standards and best practices;
- Develop and implement operational communication channels and data exchange networks between Moldovan and foreign IIS.
- Organise public information campaigns on the rights and obligations for Moldovan citizens of visa-free travel with the EU.

Result 2.7 - Document security and reliability capabilities are developed:

- Procurement of the necessary technology to produce new identification documents (IDs) according to EU standards;
- Develop and implement methodologies for the fully automatized issuance of new IDs and biometric passports, abandon any manual processing.
- Efficient exchange of information regarding the lost and stolen passports.

Result 3.1 - Performance in fighting organised and cross-border crime is improved:

- Development of substantive and procedural law in fighting and prevention of organised and cross-border crime in accordance with European standards and best practices;
- Make use of joint investigative teams (JITs);
- Develop and implement legal and intervention tools for the recovery of proceeds of crime;
- Development of capacities for addressing trafficking in human beings (THB), including prevention, prosecution and the protection, assistance and re-integration of victims;
- Development of capabilities in fighting cyber-crime, money laundering, drugs and terrorism.
- Development of legislation and practice on the control of unjustified wealth of civil servants and politicians.

Result 3.2 - Performance in fighting corruption in law enforcement is improved:

- Development of capabilities in preventing and fighting high-level corruption.
- Development of capabilities in fighting corruption in law enforcement;
- Creation and development of specialised central units (National Anti-corruption Centre, Ministry of Interior, Prosecutor's General Office).
- Draft and systematically enforce the bylaws on lifestyle checks performed by NAC.
- Install video-surveillance in every booth at BCPs to prevent and investigate corruption in the Border Police and Customs.
- Train law-enforcement authorities in financial investigations.

Result 3.3 - Integrated Information System (IIS) between various law enforcement agencies involved in detection and prevention of crime is established and operational:

- Feasibility study and procurement of equipment;
- Implementation interoperability with other national ISS.

Result 3.4 - Intelligence-led policing (ILP) concept in detection and prevention of crime is applied:

- Set-up of intelligence analysis units capable of identifying risks and threats;
- Develop the methodologies and the institutional framework to ensure their use by law enforcement, justice sector and other actors.

Result 3.5 - Operational mechanism for coordination and policy development of national and international detection and prevention of crime is in place:

- Creation of national crime detection and prevention coordination at national and local levels;
- Establish an international crime detection and prevention coordination mechanism;

- Through a gap analysis develop an approximation with European standards and best European practices on information exchange in detection and prevention of crime;
- Develop operational communication channels and data exchange networks between Moldovan and foreign IIS.

3.4.2. Complementary support

EUR 1 million is reserved for complementary technical assistance, which will consist in the reviews for the first, second and third instalments, as well as in an ex-post evaluation after the third instalment. Complementary support may also include audit activities as described in section 4.8.

3.5. Donor coordination

The donor coordination is organised regularly at national level by the State Chancellery of the Government and at sector level by several authorities: Ministry of Interior, National Anti-corruption Centre, and Ministry of Justice.

3.6. Stakeholders

The Ministry of Interior, including constituent semi-autonomous segments of the system, Border Police, Bureau of Migration and Asylum, Criminal Police (former Investigation) Departments, as well as the Ministry of Foreign Affairs and European Integration, the Ministry of Labour, Social Protection and Family have a direct stake in the VLAP. Other stakeholders include the State Chancellery, the National Integrity Commission, National Anti-corruption Centre and separate units or divisions of some of the ministries, departments or agencies.

3.7. Conclusion on the balance between risks (2.6.) and expected benefits/results (3.2.)

Substantial progress across the board of Moldovan interior, law enforcement and security sector will require additional support by EU and other donors, and will not be fully covered by the on-going donor actions. While Moldova already receives a substantive portion of funds by way of EU sector budget support, this particular programme can be distinguished by its objectives which do not only seek to foster sector wide-reform by improving the domestic sector environment towards greater compliance with European standards and best practices, but also deserve a specific goal of helping the country implement an important strategic engagement of which EU itself is a party (VLAP), in turn helping to promote free and secure movement of persons in EU and its vicinity. This direct dual benefit of the programme to the beneficiary country and EU serves as a main justification of the intervention.

4. IMPLEMENTATION ISSUES

4.1. 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 the Financial Regulation.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.4. and 4.4. will be carried out, is 48 months, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements.

4.3. Criteria and indicative schedule of disbursement of budget support

Instalments of the budget support will be payable to the Moldovan State Treasury, subject to fulfilment of General and Specific Conditions. The release of all tranches under this programme will require compliance with conditions related to:

- Satisfactory progress in the implementation of Visa Liberalisation Action Plan and continued credibility and relevance of that or any successor strategy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of its programme to improve public financial management.
- Satisfactory progress with regards to the public availability of accessible, timely, comprehensive, and sound budgetary information.

The conditions for disbursement of the variable tranches will be connected to the main components of the Sector Reform Contract: (1) enhanced border management, (2) enhanced migration management, (3) enhanced public order and security.

The chosen performance targets will apply for the duration of the programme. However, in duly justified circumstances, the Government of Moldova through the Ministry of Foreign Affairs and European Integration may submit a request for the targets and indicators to be changed should the circumstances justify it.

The indicative schedule of disbursements is summarised in the table below (all figures in EUR millions) based on fiscal year of the partner country.

Country fiscal year	2014				2015				2016				Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Variable tranche		6				7				7			20
Total		6				7				7			20

4.4. Details on complementary support

Complementary assistance will be scheduled as required. It will include the reviews for the first, second and third instalments, as well as an ex-post evaluation after the third instalment.

It may also include audit activities as described in section 4.8.

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Review missions	Services	1	1 st quarter of 2014
Ex-post evaluation	Services	1	4 th quarter of 2016
Audit	Services	1	3 rd quarter of 2015

4.5. Scope of geographical eligibility for procurement

Subject to the following, the geographical eligibility in terms of place of establishment for participating in procurement procedures and in terms of origin of supplies and materials purchased as established in the basic act shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 21(7) of ENPI Regulation on the basis of the unavailability of products and services in the markets of the countries concerned, for reasons of extreme urgency, or if the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.6. Indicative budget

Module	Amount in EUR million
Budget Support - Sector Reform Contract	20.0
Complementary Support (review missions, ex-post evaluation, audit) - Procurement (direct centralised) of services	1.0
Total	21.0

4.7. Performance monitoring

Monitoring missions will take place at the end of the financial year to review the progress of the reform, checking financial and budget executions reports in order to collect evidence on the funding and the budget allocations. The performance criteria to be reached according the sector strategy action plan, will be used as disbursement.

On-going technical and financial monitoring of the implementation of the Visa Liberalisation Action Plan, including this Sector Reform Contract, is the responsibility of the Ministry of Foreign Affairs and European Integration, in cooperation with other sector stakeholders coordinated under the auspices of the Visa Liberalisation Task Force. The results of both the technical and financial monitoring will be reported at least twice a year to the Steering Committee and will form the basis for the assessment of the sector performance.

At the top level, the overall strategic monitoring of the implementation of the Visa Liberalisation Action Plan, including this Sector Reform Contract will be carried out by Governmental Commission for European Integration, chaired by the Prime Minister.

The overall donor coordination activity is ensured by the State Chancellery at the national level and at the sector level by several authorities: Ministry of Interior, National Anti-corruption Centre, and Ministry of Justice, which are organising on regular basis donor coordination meetings.

Oversight of the programme, and responsibility for the overall monitoring of the status of compliance with the conditions for disbursement, will be entrusted to a Steering Committee chaired by the Minister of Foreign Affairs and European Integration.

4.8. Evaluation and audit

Prior to the completion of the sector budget support programme, the European Commission will appoint consultants to carry out an independent final evaluation of the programme. Thus the programme will be subject to independent reviews that will assess the level of compliance with the indicators set forth in the Financing Agreement. The European Commission reserves the right to employ consultants to carry out, an audit of a sample of expenditures related to the implementation of the government' sector development policy.

4.9. Communication and visibility

The Moldovan Government will undertake to ensure that the visibility of the EU contribution to the programme is given appropriate coverage in the various publicity media. The project will endeavour to further enhance the positive image of the EU in the context of its work in Moldova. At appropriate milestones during the project duration and after appropriate events, press releases will be issued, in co-operation with the EU Delegation to Moldova. The Communication and Visibility Manual for EU External Actions will be applied.