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**ANNEX 2**

of the Commission Implementing Decision on the Annual Action Programme 2020 in favour of the Republic of Moldova

**Action Document for EU4Moldova: Facility to support the health response to the COVID-crisis and Association Agreement related Reforms**

**ANNUAL PROGRAMME/MEASURE**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

<b>1. Title/basic act/ CRIS number</b>	<u>EU4Moldova: Facility to support the health response to the COVID-crisis and Association Agreement related Reforms</u> CRIS number: ENI/2020/42-585 financed under the European Neighbourhood Instrument	
<b>2. Zone benefiting from the action/location</b>	The Republic of Moldova The action shall be carried out at the following location: countrywide	
<b>3. Programming document</b>	Single Support Framework for EU support to the Republic of Moldova (2017-2020) <sup>1</sup>	
<b>4. Sustainable Development Goals (SDGs)</b>	Main SDGs: 3 Good Health And Well-being 16. Peace, Justice and Strong institutions, Other significant SDGs: 5. Gender equality, 10. Reduced inequalities,	
<b>5. Sector of intervention/ thematic area</b>	2. Strengthening institutions and good governance, including the Rule of Law and Security 4. Mobility and people-to-people contacts, including support to the continuous fulfilment of the Visa Liberalisation Action Plan benchmarks and to education,	DEV. Assistance: YES

<sup>1</sup> [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/single\\_support\\_framework\\_2017-2020.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/single_support_framework_2017-2020.pdf)

	training and research Complementary support for capacity development and institution building Complementary support for strategic communication			
<b>6. Amounts concerned</b>	Total estimated cost: EUR 9,000,000 Total amount of European Union (EU) contribution EUR 9,000,000			
<b>7. Aid modality(ies) and implementation modality(ies)</b>	Project Modality <b>Direct management</b> through: - Grants <b>Indirect management</b> the entrusted entities to be selected in accordance with the criteria set out in section 5.3.2.			
<b>8 a) DAC code(s)</b>	Main DAC code 15110 Public sector policy and administrative management 24010 Financial policy and administrative management 15130 Legal and judicial development 15153 Media and free flow of information 12220 Basic health care			
<b>b) Main Delivery Channel</b>	42000 - European Commission			
<b>9. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>10. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Human Development		

## SUMMARY

This action will support the Republic of Moldova in the health response to the COVID-crisis and in the implementation of some reforms linked to the EU-Moldova Association Agreement/DCFTA and Association Agenda with particular focus on the following topics:

- *Response to COVID-19 public health emergency.* The action will support an effective response to COVID-19 public health emergency and will strengthen the national capacity to effectively address it.
- *Financial Services.* The action will support the implementation of the Association Agreement (AA) with the aim to strengthen supervision, corporate governance and risk management in the financial sector.<sup>2</sup>
- *Strengthening rule of law, justice and security.* The action will support the justice reform process, ensuring that the basic rights such as access to justice and the right for an effective remedy are better respected and the legal profession is strengthened.
- *Support for local media.* The action will support the capacity and independence of local community-based media and increase access to balanced and reliable news reporting for citizens.

## 1. CONTEXT ANALYSIS

### 1.1 Context Description

Moldova is a lower middle-income country with a population of 2.68 million (revised number as of 11.07.2019)<sup>3</sup>. The population is distributed almost evenly between men (47.6 %) and women (52.4 %). Moldova ranks 107<sup>th</sup> out of 188 countries on the Human Development Index (HDI-0.711 - 2018 HDI Report), and the Moldova HDI value increased from 0.653 to 0.711 between 1990 and 2018, an increase of 8.9 percent. Moldova remains the poorest country in Europe with a GDP per capita of USD 2.980 in 2018<sup>4</sup>.

Sustained economic growth and reforms to the social protection system have helped to reduce poverty, but in 2015<sup>5</sup>, around 14.4% of the population was estimated as living below the absolute poverty line. The average monthly wage in 2017 was estimated at USD 367<sup>6</sup>. Absolute and relative poverty is particularly acute amongst the rural population, the elderly living alone and larger (5+) households in the urban areas and while there is little appreciable difference between men and women on the majority of indicators, there is a substantial

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<sup>2</sup> [http://eeas.europa.eu/archives/docs/moldova/pdf/eu-md\\_aa-dcfta\\_en.pdf](http://eeas.europa.eu/archives/docs/moldova/pdf/eu-md_aa-dcfta_en.pdf)

<sup>3</sup> <https://statistica.gov.md/newsview.php?l=ro&id=6409&idc=30>

<sup>4</sup> <https://data.worldbank.org/country/moldova>

<sup>5</sup> This is the latest date for which reliable poverty data exists, source: <https://www.md.undp.org/content/moldova/en/home/about-us/>

<sup>6</sup> IMF Country Report No. 19/305, September 2019

difference in share of gross national income<sup>7</sup>. Moldova scored 1.007 on the Gender Development Index and 0.228 (rank 50<sup>th</sup> out of 162) on the Gender Inequality Index in 2018<sup>8</sup>. Despite political instability, the macroeconomic situation remained broadly stable over 2019.

The growth has been moderate over recent years amounting to around 4% of GDP. The economy is dominated by the service sector and the manufacturing sector but remittances remain central, with around 15% of GDP in 2019. Foreign direct investment has been low at around 2% of GDP in recent years, but increased in 2019 due to some one-off investments in the agricultural sector. There is a significant trade imbalance (-1,116 million USD or -9.5% of GDP estimated for 2019<sup>9</sup>). The budget deficit for 2019 ended below the target of 3.0%. Public debt was 31.0% of GDP in Q3 2019. About 80% of the public debt is long-term, mostly with international financial institutions and the rest with bilateral creditors. Inflation accelerated quickly in 2019 to 7.5% in December (year-on-year). The financial condition of the banks remained stable and the cleansing of the financial sector continued.

#### *Response to COVID-19 public health emergency.*

COVID-19 is a worldwide, severe public health emergency affecting severely citizens, societies and economies. Due to the unprecedented demand and the closure of factories producing personal protective equipment (PPE), the Republic of Moldova is facing shortage of gloves, goggles, masks and gowns, which are essential to prevent the health workforce from being exposed to the virus, protect patients and limit transmission, placing healthcare professionals at highest risk.

The WHO (World Health organisation) 2018 Joint External Evaluation (JEE) in the Republic of Moldova showed deficiencies in critical capacities and resources to test and treat patients and to protect healthcare professionals and limit transmission. EU assessments conducted by the European Centre for Disease Prevention and Control in the Republic of Moldova (2014) stressed the need to reinforce health security capacities in areas of detection, surveillance, risk communication, response, coordination, laboratory system, etc.

#### *Financial services*

The financial sector in Moldova is dominated by banks that account for roughly 90 percent of the total assets in this sector. Thanks to the reforms implemented in 2016-2018 after the 2014-2015 banking crisis, the Moldovan banking sector went through a significant transformation in terms of quality and transparency of shareholders, corporate governance, risk management and AML/CFT requirements, regulatory and supervisory framework. The financial condition of the banks remained stable, having excessive liquidity; but a minor role in financing the country's real economy.

The non-bank credit sector is comprised of savings and credit associations and non-bank credit organisations which constitute more than 10 percent of the financial sector assets. The insurance market in Moldova is one of the smallest in Europe amounting to EUR 81 million of written premiums per 2019 with issues related to financial and corporate governance.

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<sup>7</sup> The number of women entrepreneurs in rural areas is significantly lower than in urban areas (14.9 % compared to 27.5%). Women in rural areas tend to have more children and due to the lack of sufficient social services have to resort to part-time work in the informal economy or unpaid care-work.

<sup>8</sup> [http://hdr.undp.org/sites/all/themes/hdr\\_theme/country-notes/MDA.pdf](http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/MDA.pdf)

<sup>9</sup> IMF Country Report No. 19/305, September 2019

### *Strengthening rule of law, justice and security*

The EU approximation in the context of the implementation of the Association Agreement and Association Agenda was declared as a priority of the Government of the Republic of Moldova. However, the political landscape is fragile, with three governments in 2019, and this directly impacts the implementation and continuity of reforms in the justice sector. Following the change of Government in the Republic of Moldova mid-November 2019, the European Union's partnership will remain focused on delivering tangible benefits to the Moldovan citizens as outlined in the SSF. In this spirit, the EU is committed to working with the Republic of Moldova for supporting the reform process that is at the core of the Association Agreement, in particular as regards promoting the Rule of Law, fighting corruption and vested interests, irrespective of the political affiliations, ensuring the independence of the judiciary and de-politicizing the state institutions. The EU will continue to base its relationship with the Republic of Moldova on the principle of conditionality and respect for the rule of law and democratic standards. However, there are many governance issues related to the rule of law, fight against corruption, public financial management, poverty and emigration that hamper the socio-economic development. Moreover, access to justice and fair trials are considered low and have a negative impact on the investment climate. Cases of selective justice and opaque court rulings are reported.

In early 2020, the government shared a draft justice strategy which is expected to be shared for broad consultations with all stakeholders, as requested by the Council of Europe.

### *Support for local media.*

In regards to the media landscape and context, the freedom of expression in the Republic of Moldova has deteriorated in the last five years. The 2019 World Press Freedom Index of “Reporters without borders” ranked the Republic of Moldova 91 out of 180 countries and territories while in 2018: 81 out of 180<sup>10</sup>. The report highlights: “Moldova’s media are diversified but extremely polarised, like the country itself, which is characterised by chronic instability and the excessive influence of its oligarchs”. Even though several major legislative changes have been done, in the general situation no significant evolutions occurred. The phenomenon of concentration did not disappear and the political context continues to influence greatly the media landscape.

The mandatory requirement concerning the minimum eight hours of local content per day for the national channels (four hours for regional and two hours for local) became a challenge for the broadcasters. The local content requirements, expansion of social and online media, coupled with the shrinking advertising market dominated by advertising agencies owned by politicians, contributed to independent outlets’ financial fragility and increased their reliance on foreign donors. Online news portals and social media are popular in Moldova. Meanwhile, the local independent online portals are often understaffed, cover superficially current events (in-depth multimedia and/or video reporting is done occasionally or missing), face financial problems and rely on foreign donors.

In this polarised and politically influenced media environment, it is crucial to promote critical thinking about media and information. Significant efforts need to be made to bring Moldovan

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<sup>10</sup> <https://rsf.org/en/moldova>

practices in line with European standards in the field of freedom of expression and information. A central emphasis is to be put on work with local media outlets to enhance their professionalism, independence and sustainability.

## **1.2 Policy Framework (Global, EU)**

The cooperation between the Republic of Moldova and the European Union (EU) is framed within the European Neighbourhood Policy for the Eastern Neighbourhood countries - the Eastern Partnership. The Association Agreement including a Deep and Comprehensive Free Trade Area signed in 2014, which fully came into force in July 2016 provides the basis for stronger political association and economic integration between the EU and Moldova and has created constantly growing trade between the partners. Moldova's policy commitments are described in the Association Agreement and revised Association Agenda 2017-2019.

The priorities for EU financial support to Moldova for 2017-2020 are reflected in the multiannual programming document Single Support Framework. The priority sectors of interventions are: 2: Strengthening institutions and good governance, and 4: Mobility and people-to-people contacts. In addition, it includes horizontal support to strategic communication, and capacity development/institution building. The priority sectors reflect the revised ENP and the Association Agenda and are coherent with the Eastern Partnership priorities reflected in the "20 Deliverables for 2020".

The action will also reflect the priorities of the “Joint Communication: Eastern Partnership policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for all” adopted on 18 March 2020.<sup>11</sup> Furthermore, taking into account the COVID-19 crisis, the action will be in line with the Joint Communication on Global EU response to the COVID-19 crisis adopted on 8 April 2020.<sup>12</sup>

The component on support to COVID-19 public health emergency of the proposed action will also support the implementation of the Association Agreement (AA) between the European Union and the Republic of Moldova (Chapter 21 Public Health Articles 113-116).

The component on the financial sector of the proposed action will support the implementation of the Association Agreement (AA) between the European Union and the Republic of Moldova (title IV, Chapter 9 Financial services, Annex XXVIII-A Financial services)<sup>13</sup> where currently relevant for the Moldovan financial sector, EU Single Support Framework for 2017-2020 for the Republic of Moldova (Sector 1: Economic development and market opportunities), the Council Conclusions as well as the relevant priorities outlined in the joint European Commission and European Council working document "Eastern Partnership – focusing on key priorities and deliverables" (Gaps in access to finance and financial infrastructure)<sup>14</sup>.

The support to local media component falls under the strategic communication cross-cutting sector of the SSF, with an urgent attention needed for creating an enabling environment for independent media, by supporting pluralism and media. The implementation of this

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<sup>11</sup> [https://eeas.europa.eu/sites/eeas/files/1\\_en\\_act\\_part1\\_v6.pdf](https://eeas.europa.eu/sites/eeas/files/1_en_act_part1_v6.pdf)

<sup>12</sup> [https://ec.europa.eu/info/files/joint-communication-global-eu-response-covid-19\\_en](https://ec.europa.eu/info/files/joint-communication-global-eu-response-covid-19_en).

<sup>13</sup> [http://eeas.europa.eu/archives/docs/moldova/pdf/eu-md\\_aa-dcfta\\_en.pdf](http://eeas.europa.eu/archives/docs/moldova/pdf/eu-md_aa-dcfta_en.pdf)

<sup>14</sup> [https://eeas.europa.eu/sites/eeas/files/swd\\_2016\\_467\\_f1\\_joint\\_staff\\_working\\_paper\\_en\\_v3\\_p1\\_8733051.pdf](https://eeas.europa.eu/sites/eeas/files/swd_2016_467_f1_joint_staff_working_paper_en_v3_p1_8733051.pdf)

component will also contribute to the scope of Chapter 25 – Cooperation on culture, audio-visual and media – of the AA (Article 131).

The European Union's partnership will remain focused on delivering tangible benefits to the Moldovan citizens and will continue to apply the principle of conditionality and respect for the rule of law and democratic standards. In the wake of this partnership, this Association Agreement Reform Facility will support actors of change in the Republic of Moldova to progress towards more security in the financial sector, to progress the legal profession as an actor in the justice sector and independent media as a source of information for citizens. These sectors are amongst the key priorities of the Association Agenda between the European Union and the Republic of Moldova.

### **1.3 Public Policy Analysis of the partner country/region**

The main country's strategic plan, the Moldova 2030 National Development Strategy, was approved in November 2018 and is currently under revision. The strategy establishes the long-term sectoral priorities and focuses on four basic pillars: 1. Sustainable and inclusive economy 2. Robust human and social capital 3. Honest and efficient institutions and 4. Sound environment.

To achieve the results until 2030, ten sustainable development objectives (SDO) have been established at the national level, among which is access to quality education, good governance, enhancement of people's access to infrastructure and improving the working conditions. The Government established in November 2019 has indicated that the justice reform remains an indispensable part of the Government's Action Plan and its objectives.

In recent years, the Republic of Moldova embarked on an ambitious restructuring process, merging national health authorities in order to tackle more effectively the health problems of its population. However, several of these reforms are not mature and have yet to be implemented fully while further efforts are necessary to strengthen health system. Accordingly, health indicators in the Republic of Moldova remain significantly below the EU average and challenges persist in terms of health resources and capacities, health financing, equity and access to health services, etc. In the COVID-19 context, the Republic of Moldova developed a Country Preparedness and Response Plan (CPRP) with support of the World Health Organization (WHO). This plan captures the immediate needs of the country to prepare and respond to COVID-19 (3 months). The Ministry of Health, Labour and Social Protection, with the support of WHO, estimated the direct needs of the health system in the context of COVID-19 outbreak at 35,000,000 USD.

Reforms in the financial sector are guided by the NBM's strategic objectives for 2018-2020<sup>15</sup>, the Strategy on non-banking financial market development 2018-2022 as well as the commitments under the AA, EU MFA, IMF and WB programmes. New legal framework on supervision of banks and non-bank credit institutions, aligned to international and EU standards was recently introduced while new legislation for supervision of insurance sector is being adopted. Whereas independence and professionalism of the NBM was substantially strengthened over last years, there is room for optimising and enhancing the overall supervisory and oversight institutional framework.

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<sup>15</sup> <https://www.bnm.md/en/content/strategic-objectives-2018-2020>

In January 2020, the Ministry of Justice published a draft Action Plan for the implementation of the Justice System Development Strategy 2020–2023. It encompasses more than 130 "Actions" contributing to the (1) independence, administration, integrity and accountability of justice sector stakeholders; (2) access to justice, quality and transparency of justice delivery; and (3) an efficient and modern justice sector in the Republic of Moldova. While most of these "Actions" shall be either finalised within or start implementation in 2020, it does not describe priority areas nor outline how they shall be implemented within given deadline. With the proposed Action, the EU aims to focus on existing rights of citizens on access to justice, on effective remedies and fair trial rights, on strengthening the legal profession and to support the implementation of a justice strategy if conditions allow.

In regards to the media sector, in 2019 the Parliament approved a new Audio-visual Law, the drafting process of which was supported by the European Union and the development partners, in the framework of a dedicated Working Group created within the Parliament. The final adopted version of the Code received mixed receives from the side of media outlets and international experts. A series of other important laws in the sector are still pending final adoption, as the law on advertising, support for periodicals of social significance, and a law on tax breaks for media production companies. In addition to this, the country is to undergone the process of digitalization, which is foreseen to be completed by 1st of March 2020

#### **1.4 Stakeholder analysis**

The key stakeholders of the Moldova Reform Facility could include *but are not limited* to the relevant line ministries, other central executive bodies, but also relevant civil society groups and representatives of local media<sup>16</sup>.

This action will be coordinated by the Ministry of Finance as National Coordinating Unit for EU assistance. The Ministry of Foreign Affairs and European Integration should be closely associated as coordinating ministry in charge of monitoring the implementation of the AA.

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

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<sup>16</sup> For the scope of this action, by "local media" it is understood media in the Republic of Moldova that is active in the regions of the country.



Area	Stakeholders
Public health	Ministry of Health, Labour and Social Protection. Healthcare professionals and workers Manufacturers and producers of medical equipment and personal protection equipment Vulnerable population
Financial services	National Bank of Moldova National Commission for Financial Markets Ministry of Finance
Justice	Ministry of Justice Bar Association(s) and lawyer's training centre Civil Society Academia If conditions allow: Supreme Council of Magistracy Supreme Council of Prosecutors National Institute of Justice
Local media	Local media outlets and media initiatives (print and/or audio-visual media, offline or online) Journalists, including bloggers and social media activists Regional media organisations and CSOs Regional media platforms and start-ups EU media outlets

### 1.5 Problem analysis/priority areas for support

The EU-Moldova Association Agreement, including a Deep and Comprehensive Free Trade Area (AA/DCFTA), the revised Association Agenda and the 20 Deliverables for 2020 of the Eastern Partnership are guiding EU-Moldova bilateral relations. EU assistance has helped to achieve tangible improvements in people’s daily lives; however, there is need for additional support to empower actors of change in the judiciary and media landscape. This action is targeting main areas that require complementary assistance and will focus on the following components:

#### **Component 1: Response to COVID-19 public health emergency**

The national strategy on Public Health 2014 – 2020 is currently under implementation, whilst the national authorities, with the support of development partners, are in the process of drafting of a new strategy on Health sector for the period 2020 - 2030.

Despite recent progress, the health systems of the Republic of Moldova remains comparatively weak within the broader European continent. This issue was especially exacerbated in the face of the unprecedented global health crisis which the Republic of Moldova had to face with generally low level of preparedness and capacity to respond effectively to the public health impact of the COVID-19. The Republic of Moldova registered its first COVID-19 case on 7 March 2020.

Set of relevant COVID-19 indicators (structural and contextual) for the Republic of Moldova:

	<b>Acute care hospital beds per 100 000 (2014)</b>	<b>Hospital beds per 100 000 (2014)</b>	<b>Life expectancy (2007-2016)</b>	<b>Out of pocket expenditures (% of total health expenditures)</b>	<b>Confirmed COVID-19 cases (11 June 2020)<sup>17</sup></b>	<b>COVID-19 deaths (11 June 2020)</b>
Moldova	455	566	72.32	38.4	10727	375

Notes: Data come from WHO databases and daily IHR reports.

	<b>ICU (beds) occupancy – 24/04/2020</b>	<b>Estimated number of COVID-19 patients</b>	<b>Estimated number of COVID-19 patients in severe condition</b>	<b>Number of COVID-19 tests performed (24/04/2020)</b>	<b>National test capacity (24/04/2020)</b>
Moldova	269	2355	214	14548	1000/day

Notes: Data come from national sources.

The Republic of Moldova is quickly filling in its capacity to treat severe to critical COVID-19 patients in hospitals. As in other countries, in response to a rapidly evolving situation, there are attempts to put in place an appropriate response to COVID-19 by diverting resources and personnel from other health services. The capacities to respond to COVID-19 became indeed increasingly limited. Because of the unprecedented demand, the Republic of Moldova is facing shortage of gloves, goggles, masks and gowns, which are essential to prevent the health workforce from being exposed to the virus, protect patients and limit transmission, placing healthcare professionals at highest risk. The shortage of the PPE is even more pronounced in health facilities in the regions, outside of capital city.

This situation adds to the concern and sense of urgency, as numbers of infections and confirmed cases grow (at end of April 2020) and socio-economic shocks are negatively affecting people's incomes, physical and mental wellbeing, and the social integrity of communities as a whole. In many countries, including Republic of Moldova, the COVID-19 outbreak is adding additional pressure on the already overburdened social service delivery systems, workers of the health sector, and exacerbating the vulnerabilities of affected populations.

In recent years, the Republic of Moldova enacted important health system reforms to address past critical structural shortcomings such as excessive, unbalanced and low-quality health care infrastructure and outdated qualifications schemes for health professionals and quality management systems.

The national authorities embarked on an ambitious restructuring process, merging national health authorities in order to tackle more effectively the health problems of its population. However, several of these reforms are not mature and have yet to be implemented fully while

<sup>17</sup> <https://msmps.gov.md/ro/content/ultimele-date-privind-infectia-covid-19-republica-moldova-1>

further efforts are necessary to strengthen health system. Accordingly, health indicators in the country remain significantly below the EU average and challenges persist in terms of health resources and capacities, health financing, equity and access to health services, etc.

## **Component 2: Strengthening the capacity of national authorities to implement the provisions of the EU-MD Association Agreement through legislative support to approximation and implementation**

The Association Agreement establishes the legal framework for the advancement of relations between Moldova and the EU towards a higher quality level – political association and economic integration with the EU. It is based on an innovative and ambitious approach, including the creation of a Deep and Comprehensive Free Trade Area – DCFTA.

The report developed by the Ministry of Foreign Affairs and European Integration of Moldova on the accomplishments of the National Action Plan on the implementation of the EU-Moldova Association Agreement (NAPIAA II) during the period 2017-2019, indicates an implementation rate of 71.56%.<sup>18</sup> However, according to the 4th Shadow Report<sup>19</sup>, during 2018 the National Action Plan on the implementation of the EU-Moldova Association Agreement (NAPIAA II) was implemented at 48.8%.

Whereas the general pace of implementation of the NAPIAA II at the end of 2018 is evaluated at 31.9%, sectorial cooperation with the EU (Title IV) continued to register a moderate progress, mainly because of the implementing measures in the area of management of public finances, financial-banking sector, transports and the energy sector.

The financial sector in Moldova is dominated by banks that account for roughly 90% of the total assets in this sector. Moldova's banking sector has 11 licensed banks, out of which 5 subsidiaries of EU banking groups (OTP Bank, ProCredit, Erste, Intesa Sanpaolo and Banca Transilvania). These subsidiaries hold 41.2% of banking sector assets.

Important steps were taken by the authorities, with substantial international support, in stabilising the banking sector after the 2015 banking fraud, namely strengthening the independence of the National Bank, introducing a new supervisory framework closer to international and EU standards (Basel III), improving corporate governance and transparency of shareholders, related-party exposures, risk management and AML/CFT requirements. Special supervision regimes were lifted only recently and unfit shareholders are being removed in domestic non-systemic banks

The financial situation of Moldova's banking sector is stable and banks are well capitalised. However, credit activity remains low (Banks' gross credit portfolio consists of only 44,5% of assets) with some improvements in the past two years, concentrating mainly in consumer lending and mortgages while the majority of banks deposits are invested in liquid assets (government bonds, NBM certificates, in accounts at NBM, cash).

The supervision of the banking sector has been upgraded from the Basel I compliant regime to Basel III. The new Law on banking activity no. 202 of 6 October 2017 entered into force on 1

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<sup>18</sup> [https://www.mfa.gov.md/sites/default/files/raport\\_pna\\_aa\\_2017-2019\\_final\\_pentru\\_publicare\\_website.pdf](https://www.mfa.gov.md/sites/default/files/raport_pna_aa_2017-2019_final_pentru_publicare_website.pdf)

<sup>19</sup> [https://ipre.md/wp-content/uploads/2019/03/4th-IPRE-Shadow-Report\\_EU-Moldova-Association-Agreement\\_ENG\\_Summary\\_final-1.pdf](https://ipre.md/wp-content/uploads/2019/03/4th-IPRE-Shadow-Report_EU-Moldova-Association-Agreement_ENG_Summary_final-1.pdf)

January 2018 and has brought the Moldovan supervisory framework closer to Basel III principles and the EU Capital Requirements Directives (CRDIV/CRR).

The non-bank credit sector in the Republic of Moldova is comprised of two types of institutions: the savings and credit associations (SCAs) and non-bank credit organisations (NBCOs – companies which carry out non-bank lending activities and financial leasing). Together they constitute 11.5% of the financial sector assets (2019), but the NBCOs assets are far larger and their share is 10.5% of the financial sector assets. Accordingly, the share of this segment in the lending activity of the financial sector was below 19 % in 2019 it accounts for 4.5% of Moldova’s GDP, serves over 420,000 borrowers, equivalent of 20% of Moldova’s adult population, with a strong presence in the urban areas. By the last amendments to NBCOs legislation the requirements for minimum capital were increased to 1 million MDL as of 01.01.2021. The sector has structural problems such as compliance with capital requirements. After the strengthening of the banking regulation risks in the non-bank financial sector are currently rising, also as a result of regulatory arbitrage. The new Law on NBCOs entered in force on 1 October 2018 introducing risk based supervision, strengthening ownership transparency, risk management and internal control frameworks. To note are the recent set of amendments to the Law on non-bank credit organizations (in force from April 2020), which: (i) prohibit NBCOs from accepting deposits from public, (ii) oblige NBCOs to report the new credits activity to the credit bureaus, (iii) introduce limits on total costs of consumer credits, (iv) establish increased minimum capital requirements and (iv) introduce an effective, proportionate and dissuasive sanctioning regime.

Moldova remains the smallest insurance market in Europe with 14 insurance companies and 62 insurance brokers, insurance premiums (brut) reaching about 81 million EUR at the end of 2019. The sector is less developed, vulnerable and heavily motor insurance dependant. Cleaning up of the sector, introduction of an effective supervision and responsible and prudent practices of insurance companies as well as an improved governance and financial stability and an adequate financial capacity of insurers to honour their claims and compensations in case of resolution are priority areas for action.

### **Component 3. Strengthening rule of law, justice and security**

Since the Justice Sector Reform Strategy 2011-2016 and a partial extension of its Action Plan until the end of 2017 were adopted by the Parliament, there has not been a comprehensive, fully fledged and adopted Justice Sector Reform Strategy. Since 2017, individual changes to the legislative framework governing the judiciary have taken place – some laws were even amended multiple times within a few months – however, they were not based on a comprehensive, fully fledged Justice Sector Reform Strategy. Moldova lacks a comprehensive, fully fledged and adopted Justice Sector Reform Strategy since 2017. Main issues are a very low level of public trust into the judiciary; limited capacities of key institutions including of the Ministry of Justice and the Superior Council of Magistracy; corruption in the justice sector including political interference in the work of prosecutors, excessive use of closed hearing procedures in high-profile cases of public interest, and non-transparent procedures for the selection, evaluation and dismissal of judges; selective justice and the lack of independence of judges and prosecutors; lack of sufficient quality of justice services provision – including a lack of quality of reasoned judgements – by Moldovan courts and a lack of sufficient qualified lawyers (including legal aid lawyers) claiming basic trial

rights. According to the EU-funded 2020 World Bank Regional Justice Survey for Moldova, one third of the general public in Moldova believe that past reforms had no effect, and an additional third of citizens perceive the impact of justice reforms as negative. The political development in the past years as well as experience in the implementation of EU technical assistance program fighting corruption in the justice sector have shown that political and institutional will for genuine reform is a precondition to make any reform successful. Nonetheless, the EU is committed to working with those in the Republic of Moldova who support the reform process that is at the core of the EU-MD Association Agreement, in particular as regards fighting corruption and vested interests, ensuring the independence of the judiciary and de-politicising the state institutions. In this regard, the EU will remain focussed on delivering tangible benefits to the Moldovan citizens including on their basic rights of access to justice, the right to a fair trial and to effective remedy.

Key stakeholders among the Moldovan Civil Society have been instrumental in monitoring those rights, including through regular reports, monitoring of court cases and participation in public policy making. However, systemic court monitoring that could provide evidence necessary for future policy making and facilitating fact-based donor decisions has not been conducted in the Republic of Moldova.

The members of legal professions – including criminal defence lawyers – are also at the forefront of claiming the respect of basic rights including those related to access to justice and to a fair trial. However, the Bar Association of the Republic of Moldova, including its recently established Lawyers Training Centre suffers from institutional shortcomings to provide the necessary training of private lawyers, legal aid lawyers and lawyer trainees throughout the country. A lack of clear division of competences among the national Bar Association and three regional Bar Associations as well as sufficient clarity about the role of other key stakeholders constitute further obstacles in this respect. Finally, Law Schools and Universities form part of the Moldovan Civil Society that plays a crucial role in building the necessary skills of future lawyers and defenders of basic rights. In that respect, other actors in the justice sector, including the National Institute of Justice, would become stakeholders if conditions allow so.

#### **Component 4. Support to local media**

The mass-media landscape in the Republic of Moldova is shaped by several factors, which have the capacity to influence drastically this vulnerable sector. The efforts of development partners focus mostly on lifelines for existing media outlets, coupled with support in the media literacy sector/disinformation and in-house trainings. The freedom of expression in the Republic of Moldova, in a broader context, has deteriorated in the last five years. Both national and international media organizations' reports confirm this fact. The 2019 World Press Freedom Index of "Reporters without borders" ranked the Republic of Moldova 91 out of 180 countries and territories while in 2018: 81 out of 180. The report highlights: "Moldova's media are diversified but extremely polarized, like the country itself, which is characterized by chronic instability and the excessive influence of its oligarchs".

Analysis of gaps in the sector of media skills show lack of focus on marketing, with only several media outlets becoming aware of its importance, along with fundraising, sales and

promotion. In addition to this, studies re-confirm the biggest challenge remains to be funding and lack of financial resources for the viability of media outlets.<sup>20</sup>

Assessment done at the regional level in the EaP highlights that financial limitation remains one of the main challenges for media outlets producing, or having the potential to produce quality content. Funding gaps influence negatively the working environment for media professionals.

The EU (on an institutional level) has never engaged in a targeted individual support project for media in the Republic of Moldova. By supporting local media outlets, this action will support the independence of media and increase access to balanced and reliable news reporting for citizens. In addition to this, the implementation of this component will directly contribute to the scope of the AA, by contributing to the cooperation in the issue of training of journalists and other media professionals. In line with the provisions of the AA, this component will also enhance the links with EU media and bring the local media in the Republic of Moldova closer to European standards.

According to specific objective six of the SSF, media should be more independent and citizens should have an increased access to balanced and reliable news reporting. Despite ongoing attempts by development partners and civil society organizations to encourage improvements in legislation and policy, press freedom in Moldova remains constrained by partisanship and pressure from both the government and media owners. Concentration of ownership is also a problem, and accessing public information is difficult.

## 2. RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
For health equipment, material and medicine: Supply chain problems, such as lack of tender proposals or higher than expected prices due to exaggerated demand	H	Alternative options of procuring at both sub-national and national levels will be identified, working possibly through the UN family. Close coordination with other implementing partners will allow for complementarity of “packages” (complementary items) and across time.
Absorptive capacity issues by relevant international organisations such as WHO	H/M	Strong planning to ensure smooth and timely implementation, reinforcement of country office staffing, recruitment of consultants and regional office dedicated programme team including country key accounts.
Currency fluctuations	M	The current health crisis is leading to

<sup>20</sup> Moldova Country Report: Gap Analysis of Independent Media Skills and Needs in the Eastern Partnership 2019 Update (Baltic Centre for Media Excellence)

		important economic instability, including regarding exchange rates of EURO vs national currency. This may affect the quantities of goods purchased. In that case, a re-prioritisation exercise will be undertaken to adjust to evolving purchasing power.
Corruption in the health sector	M	EU will pay particular attention to this issue, including using tools of the existing EU's anti-corruption programme in Moldova.
Geopolitical tensions and less favourable economic performance hamper political stability and the Governments' actions.	M	Intensified policy dialogue with the Government and local stakeholders following (and within) the frameworks of the AA and DCFTA.
Lack of commitment of the authorities to pursue the reforms in the financial sector.	H	Sustained policy dialogue with the key stakeholders on the importance to continue the reforms in the financial sector; Sustain close coordination between IMF and EU Macro-financial assistance (MFA) programmes.
Lack of commitment of authorities to support court monitoring involving the Moldovan Civil Society and to pursue reform in the area of legal aid and the regulation of legal professions.	H	Sustained policy dialogue with the key stakeholders on the importance of planned interventions and reforms.
Lack of capacity and expertise due to high staff turnover and low level of salaries within the civil service.	H	Capacity building and training sessions for management staff within institutions responsible for Human Resources development, managerial accountability and staff detainment. Two Technical Assistance projects help improve the PAR strategic framework as well as the conditions of public employees.
Local target audiences are subject to both internal and external disinformation, thus the scope of the action might not be perceived correctly.	M	Ensuring a viable cooperation between previous and on-going EU actions, as well as those of other development partners in the field of disinformation, in order to decrease the risk of incorrect information flow.
Systemic issues related to the financial sustainability of local media continue.	H	Development partners and international organisations are mobilized for financing local media.

## **Assumptions**

- The working hypothesis is one of a gradual exit of the lock-down and related measures (including possible emergency measures) taken in response to the outbreak of the COVID 19 crisis. This will in turn lead to a progressive relaxation of travel and working restrictions.
- The Government of Moldova remains committed and able to allocate sufficient resources to support the implementation of the AA reforms and strategies.
- Policy Dialogue between justice sector actors, Parliament, Government, prosecutors, civil society and lawyers, is established.
- The beneficiary institutions are properly staffed and have the necessary absorption capacities to receive and absorb technical and other support.
- Civil Society Organisations are willing to participate and be involved in the policy dialogue, its communication and other activities relevant to the Moldovan EU integration process.
- Civil Society Organisations working in the field of mass-media and audio-visual are continuing their efforts in voicing the main concerns in the sectors.
- Timely and adequate implementation of procurement procedures.

### **3. LESSONS LEARNT AND COMPLEMENTARITY**

#### **3.1. Lessons learnt**

- It is important to ensure that the adopted legislation is effectively enforced. In this respect, progress has been mixed and additional efforts are required to ensure effective enforcement of new legal frameworks; in that respect, legislative changes have to be treated as part of reform commitments instead of clerical exercises.
- Institutional fragmentation, politicisation, low administrative capacity, lack of proper policy analysis capacities, poor quality of law-drafting, poor inter-ministerial coordination, etc. are general issues that cannot be solved within one sector alone. Therefore, the action shall ensure consistency with the horizontal public administration reform (PAR) efforts, as planned in the National PAR Strategy 2016-2020;
- Considering EU Member States comparative advantages, twinning and TAIEX facilities, when designed in close coordinated with the partner institutions, proved to be an effective tool for legal approximation with EU acquis;
- Infrastructure development requires associated technical assistance to promote accompanying sectoral reforms, and ensure sustainability of the new investments. In this sense, adequate tariffs and their timely adjustment are necessary to ensure modernisation of energy infrastructures. Assistance to the most vulnerable population should be put in place when adjusting energy tariffs;
- Special attention should be put on ensuring appropriate visibility of EU support focusing on concrete and tangible benefits for the citizens;



- The concentration of support targeted towards several media outlets, due to the fact that donors tend to provide assistance to media outlets which fit the support requirements set out in their internal procedures<sup>21</sup>;
- Direct financial support, which provides a life line for the specific media outlets, in the majority of cases creates an artificial security context, which does not contribute to the sustainability of the organisation, and in some cases even distorts the media market<sup>22</sup>
- Challenges related to the legal framework, as the Broadcasting Code and provisions related to local content production<sup>23</sup>;
- In 2017-2018, economic pressures continued to force media outlets to cut costs and shift from print/broadcast to online operations (online news portals and social media are popular. Meanwhile, the local independent online portals are often understaffed, face financial problems and rely on foreign donors).

### 3.2. Complementarity, synergy and donor co-ordination

The components of the current action are reflected in the European Joint Development Cooperation Strategy (Joint Programming Document). The **Joint Programming Process** started in Moldova in 2015, when the EU, its Member States, and Switzerland agreed to conduct a Joint Analysis of the country's economic and social development context.

The Joint Strategy is structured around four broad areas of intervention encompassing the common strategic objectives of the EU, EU Member States and Switzerland and is aligned with the new EU-Moldova Single Support Framework (SSF) 2017-2020. This action will cover two main priorities of the SSF 2017-2020 and two cross-cutting issues: Economic development, Strengthening institutions and good governance including the Rule of Law and Security, complementary support for capacity development and institution building and complementary support for Strategic communication.

For Component 1, coordination will be ensured with the activities envisaged under the EU COVID-19 Solidarity Programme-Health for the Eastern Partnership.

The Component 2 activities will be co-ordinated with previous support through TAIEX and Twinning, the EU Macro Financial Assistance programme, the EU High Level Advisory mission as well as the support provided by the International Monetary Fund, World Bank and other interested donors.

Component 3 will be coordinated with other EU partners (Sweden, Netherlands, etc.), international stakeholders (incl. ABAROLI, OSCE, USAID) and Implementers (incl. World Bank Court User Survey, CoE CEPEJ, UNDP) as well as with existing Civil Society initiatives (including Freedom House review of selected justice and existing case monitoring exercises).

For component 4 on support to local media, full complementary will be ensured with the regional project EU4Independent media, as well as on-going bilateral projects which are

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<sup>21</sup> According to findings based on the coordination and information held among the development partners active in the media sector in the Republic of Moldova

<sup>22</sup> According to concerns raised by the media outlets

<sup>23</sup> In December 2018, the Parliament adopted a new Broadcasting Code (in force as of January 2019). The law still contains local content requirements, but the quotas are different and consider the potential audience of TV stations.

active in the field of media support, as is the Strategic communication and support to mass-media project.

Synergies and donor coordination should be ensured by the coordinating structures in place (Ministry of Finance) as well as by the relevant Sector Coordination Council. The EU Delegation is active in all donor groups and supports the development of aid coordination as a whole.

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

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

##### **4.1 Overall objective, specific objective(s), expected outputs and indicative activities**

**The overall objective** (impact) of this action is to provide support to the health response to the COVID-crisis and to support the Republic of Moldova in the implementation of some reforms linked to the EU-Moldova Association Agreement/DCFTA and Association Agenda

**The specific objectives** (SO) (outcomes) for each component are:

SO.1: Strengthen capacity to respond to COVID-19 public health emergency;

SO.2: Strengthen supervision, corporate governance and risk management in the financial sector;

SO.3: Enhance transparency, accountability of and access to the judiciary system;

SO.4: Strengthen capacity and sustainability of local media.

Expected outcomes and outputs per each specific project are:

*SO.1 (outcome 1): Strengthened capacity to respond to COVID-19 public health emergency.*

Expected outputs:

- Health and first-line workers have received qualitative protective gears in line with WHO's disease commodity package (Infection prevention & control).
- Relevant personnel have been trained to use personal protective equipment, and on case management (infection prevention and control, case management and equipment & logistics).
- Capacity for COVID-19 detection scaled up in line with optimal strategies (national laboratories and operational support and logistics).
- Management of essential health services delivery (vaccination, services related to reproductive health, including care during pregnancy and childbirth, care of vulnerable populations, management of emergency health conditions, auxiliary services, such as basic diagnostic imaging, laboratory services etc.) and their resilience strengthened and improved.
- Citizens have received timely and high-quality information to act at individual level (risk communications and community engagement).

Indicative activities for SO. 1 will include the provision of key equipment for health centres and laboratories and of critical support in case management, laboratory capacity, infection prevention and control, surveillance, rapid response and communication. In addition, support

will be provided to create surge capacity to respond to the outbreak while maintaining essential health services. To this end, activities to strengthen health system and rapidly reorganize service delivery reconfiguration to respond to COVID-19 outbreak will be carried out.

Activities implemented in the context of these outputs will be gender sensitive and the specific needs of women as part of the different stakeholder groups will be taken into account through these actions also ensuring that women take part in the relevant decision-making mechanisms whenever possible.

*SO.2 (outcome 2): Strengthened supervision, corporate governance and risk management in the financial sector.*

Expected outputs:

- Systemic risks to the financial system of the Republic of Moldova are reduced;

In terms of indicative activities for SO.2, peer-to-peer technical support will be provided to the National Bank of Moldova (NBM), National Commission for Financial Markets (NCFM) and other relevant authorities for legal drafting, enhancing supervisory capacities, improving communication with business community and general public.

*SO.3 (outcome 3): Enhanced transparency, accountability of and access to judiciary system*

Expected outputs:

- Court monitoring is in place to reveal shortcomings of access to justice and fair trial rights and to inform future reform policy;
- Capacity of lawyers (and other legal professions if conditions allow) to ensure improvement of trial rights and the provision of legal aid is increased;
- If condition allows (for instance commitment of and ownership by the authorities), selected elements of the judicial reform are designed and implemented and shortcomings identified through court monitoring might be addressed.

In terms of indicative activities for SO.3, a methodology for court monitoring will be established and a system court monitoring carried out based on pre-identified shortcomings of fair trial rights, access to justice and the right to an effective remedy. Preliminary results will be disseminated to and discussed with all actors in the justice sector, including the Legal Aid System, the Bar Association(s), including its the Lawyers Training Centre of the Republic of Moldova, the National Institute of Justice and Universities and Civil Society organisations. If conditions allow, technical assistance and international advice on the development of reform elements and their efficient implementation will be provided to relevant Moldovan authorities in the judiciary field.

Activities will be gender sensitive and the specific needs of women as part of the different stakeholder groups will be taken into account through these actions also ensuring that women take part in the relevant decision-making mechanisms whenever possible.

*SO.4 (outcome 4): Independence and capacity of local media outlets to produce high quality content is strengthened.*

Expected outputs:

- The access of citizens to high quality, balanced and reliable local journalistic content is improved;
- The technical and financial capacities of local media outlets is strengthened;
- The capacities of local media outlets in the sector of content production is strengthened;
- The sources of revenues for local media outlets are diversified.

In terms of indicative activities for SO.4, the financial sustainability of local media outlets will be supported by trainings on business and newsroom skills and core funding if possible. Providing small grants opportunities for developing new IT and infrastructure requirements for local media outlets, creating call for proposals for content development based on clear transparency rules and procedures, ensuring an equitable process, assisting in identifying new resources for revenues for local media outlets, creating new media initiatives in the focal regions of EU support, EU4Cahul and EU4Ungheni will be indicative activities.

## **4.2 Intervention Logic**

For component 1, the intervention logic will be focused on mobilising an effective, rapid, and coordinated response to COVID-19 public health emergency in the Republic of Moldova and strengthening the national capacity to effectively prevent, prepare for, detect and respond to public health emergencies.

An important focus will be on the provision of key equipment for health centers and laboratories and the provision of critical support in case management, laboratory capacity, infection prevention and control, surveillance, rapid response and communication that will help national authorities in strengthening their capacity to respond to and mitigate the impact of COVID-19 and prepare them for future outbreaks. To ensure a swift delivery of essential equipment and avoid overlaps, a pooled procurement mechanism will be put in place across the six partner countries. Synergies with ongoing EU projects will be sought.

For the component 2, considering the need to provide up-to-date practical peer expertise, the proposed activities are planned to be implemented through a twinning project

For the Component 3, the implementer (possibly EU MS) will (1) seek support of Civil Society Organisations and International Partners to develop the methodology for country-wide court monitoring, to hire and train court monitors, and to analyse collected data; (2) hire training experts and procure equipment supporting the Lawyers Training Centre of the Republic of Moldova; and (3) hire experts facilitating the reform of legal professions, and provide expertise for the design and implementation of justice reform elements if conditions allow.

For Component 4, the overall objective is to empower and enable local media in the Republic of Moldova to produce high quality content and diversify their skills. This will directly contribute to achieving the 2020 targets of the EaP deliverable 3 (strategic communication and media). Strengthening independent media and freedom of expression is a fundamental value of the European Union, on which sustained focus will be placed in 2020 and beyond.

Local media in the Republic of Moldova require support in becoming financially viable outlets. This intervention aims to take a comprehensive approach to provide tailor-made support, while ensuring full complementary with existing and planned EU support in the

sector. To this end, a strong synergy will be created with the regional programming EU4independentmedia, which will act as an umbrella action under which the bilateral EU support will be implemented. Similar to this, the tools and direct beneficiaries envisaged under this component will be fully coordinated with the on-going support provided via the "Strategic communication and support to mass-media" project (AAP 2017).

In addition to this, while providing support to local media, steps will be undertaken in order to ensure the positioning of the EU as a neutral actor, with public and transparent call for proposals being organised. In light of types of content to be supported, a thorough analysis will be undertaken in order to identify the most viable and requested type of content, in order to increase maximum impact (ex. entertainment content). In order to improve the skills of local media, several trainings for enhancing management and marketing skills shall be foreseen.

### **4.3 Mainstreaming**

All activities under this programme will be designed and implemented in accordance with principles of good governance and human rights, gender equality and environmental sustainability, wherever these issues are of particular relevance to the institutions to be assisted.

#### *Good governance and human rights*

All efforts to further public administration reform in Moldova will apply the human rights based approach and be based on the principles of good governance, equality and the inclusion of socially or economically deprived groups. The capacity building aspect of this programme will focus on supporting and strengthening the commitment of the Moldovan Government to the principles of public administration developed by the European Commission in close cooperation with the OECD/SIGMA<sup>24</sup>.

#### *Gender equality*

Gender and diversity issues will be mainstreamed into the design of reforms undertaken under this programme. The inclusion of women in decision-making processes will be one of the principles in the capacity building aspect; however, since it is designed as a demand-driven action, inclusion of gender equality related issues will be defined at a later stage, before contracting. Efforts will be made to ensure the participation of women in politics.

Support in the area of statistics will aim to contribute towards making sex disaggregated data available in Moldova. Target groups for support will have a distinct gender dimension: media users, energy consumers, court users, IT users.

#### *The environment, natural disasters and climate change*

None of the supported activities under this action should result in a harm to climate.

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<sup>24</sup> [http://sigmaweb.org/publications/Principles-of-Public-Administration\\_Edition-2017\\_ENG.pdf](http://sigmaweb.org/publications/Principles-of-Public-Administration_Edition-2017_ENG.pdf)

#### **4.4 Contribution to Sustainable Development Goals (SDGs)**

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG(s) 16. Peace, Justice and Strong institutions, 5. Gender equality, 10. Reduced inequalities and 3. Good Health and Well-being.

### **5. IMPLEMENTATION**

#### **5.1. Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

#### **5.2. Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

#### **5.3. Implementation modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>25</sup>.

##### **5.3.1. Grants: (direct management)**

###### **(a) Purpose of the grant(s)**

Indicatively one Twinning project will be envisaged. This project will contribute to achieving the specific objective defined for Component 2: Strengthen supervision, corporate governance and risk management in the financial sector.

The main expected results for this twinning project are:

- Systemic risks to the financial system of the Republic of Moldova are reduced;

This call shall be launched possibly on second quarter 2020 under a suspensive clause prior to the adoption of this decision. This is justified because it will allow to meet the requirements for legal approximation established under the AA.

###### **(b) Type of applicants targeted**

In line with Article 4(10) (b) of Regulation (EU) No 236/2014, participation in Twinning calls for proposals is limited to public administrations of the EU Member States, being understood as central or regional authorities of a Member State as well as their bodies and administrative

<sup>25</sup>

[www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

structures and private law bodies entrusted with a public service mission under their control - provided they act for the account and under the responsibility of that Member State.

### ***5.3.2. Indirect management with entrusted entities***

This action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: proven knowledge and expertise in the given areas of intervention, as well as a track record and the capacity to develop good working relations with local partners and demonstrated capacity to deliver work. In addition, demonstrated operational and technical capacities required to manage procurement contracts including works, supplies and grants can be flexibly and efficiently handled. The implementation by these entities entails the implementation of the activities under the specific objective 1: Response to COVID-19 public health emergency, specific objective 3: Enhance transparency, accountability of and access to the judiciary system, and specific objective 4: Strengthen capacity and sustainability of local media

As for Components 1, 3 and 4, if negotiations with the above-mentioned entity/ies fail part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 5.3.3 below.

### ***5.3.3. Changes from indirect to direct management mode due to exceptional circumstances***

In case the negotiations under the indirect management mode fail, the action may be implemented through grants under direct management to implement activities under the components 1, 3 and 4 requiring the involvement of civil society organisations and local media organisations in accordance to 5.3.3.1 and 5.3.3.2 and 5.3.3.3.

#### ***5.3.3.1. Grant: (direct management) "Strengthened capacity to respond to COVID-19 public health emergency"***

##### **(a) Purpose of the grant**

The main objective will be to strengthen the national capacity to effectively prevent, prepare for, detect and respond to public health emergencies. The grants will contribute to achieving objectives under component 1.

##### **(b) Type of applicants targeted**

The potential applicants for funding for this grant will be international organizations and/or civil society organisations.

#### ***5.3.3.2. Grant: (direct management) "Systemic court monitoring to inform future reform policy and if conditions allows, support the design and implementation of the judicial reform"***

##### **(a) Purpose of the grant**

The main objective will be to enhance transparency, accountability of the judiciary and access to justice and improved right for an effective remedy. The grants will contribute to achieving objectives under component 2.

##### **(b) Type of applicants targeted**

The potential applicants for funding for this grant will be entities from EU Member States or Moldova, which are legal entities, in particular CSOs and/or grass-root organisations.

**5.3.3.3. Grant: (direct management) “Independence and capacity of local media outlets”**

(a) Purpose of the grant

The main objective will be to empower and enable local media in the Republic of Moldova to produce high quality content and diversify their skills. The grants will contribute to achieving objectives under component 3.

(b) Type of applicants targeted

The potential applicants for funding for this grant will be legal entities such as EU member state organisations, local media organisations, CSOs and/or grass-root organisations.

**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, subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

**5.5. Indicative budget**

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution</b>
<b>Objective 1 - Strengthen capacity to respond to COVID-19 public health emergency:</b> Indirect management with entrusted entity	<b>5 000 000</b>	N/A
<b>Objective 2 - Strengthen institutional capacity for the implementation of the Association Agreement/DCFTA:</b> one twinning grant	<b>2 000 000</b>	
<b>Objective 3 - Enhance transparency, accountability of and access to the judiciary system:</b> Indirect management with entrusted entity	<b>1 000 000</b>	N/A
<b>Objective 4 - Strengthen capacity and sustainability of local media:</b> Indirect management with entrusted entity	<b>1 000 000</b>	N/A
<b>Evaluation</b> (cf. section 5.8)	will be	N.A.



<b>Audit/ Expenditure verification</b> (cf. section 5.9)	covered by another Decision	
<b>Communication and visibility</b> (cf. section 5.10)	N.A.	N.A.
<b>Total</b>	<b>9 000 000</b>	

## 5.6. Organisational set-up and responsibilities

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

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

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

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## 5.7. Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality) or the partner's strategy, policy or reform action plan list (for budget support).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

Reports 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.

## 5.8 Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants through a joint mission contracted by the Commission via an implementing partner.

It will be carried out for learning purposes, in particular with respect to an overall independent assessment of the past performance of the Action, paying particular attention to its measured against its expected objectives; and the reasons underpinning such results.

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

The evaluation report 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.

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

### **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.

The financing of the audit shall be covered by another measure constituting a financing Decision.

### **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.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Communication and visibility measures for the project activities under this Action Document will be reinforced, coordinated and implemented through the Action Document for Strategic communication and media support, which is part of the Annual Action Programme 2017 for the benefit of the Republic of Moldova.

With regards to the Neighbourhood East, all EU-supported actions shall be aimed at increasing the awareness level of the target audiences on the connections, the outcome, and the final practical benefits for citizens of EU assistance provided in the framework of this

action. Visibility actions should also promote transparency and accountability on the use of funds.

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

On the basis of this indicative logframe matrix, a more detailed logframe(s) might be developed at contracting stage linked to this AD. The indicative logframe matrix will evolve during the lifetime of the Intervention. The activities, the expected outputs and related indicators are indicative and may be updated during the implementation of the Intervention as agreed by the parties (the European Commission and the implementing partner/s).

The logframe matrix must be used for monitoring and reporting purposes. At the latest in the first progress report, implementing partner/s should include the complete logframe including all baselines and targets for each indicator). Each progress report should provide the most up to date version of the logframe as agreed by the parties (the European Commission and the implementing partner/s) with current values for each indicator. The final report should enclose the logframe with baseline and final values for each indicator.

*Additional notes:* The term "results" refers to the outputs, outcome(s) and impact of the Action. Assumptions should reflect risks and related management strategies identified in the Risk analysis.

	<b>Results chain: Main expected results (maximum 10)</b>	<b>Indicators (at least one indicator per expected result)</b>	<b>Sources of data</b>	<b>Assumptions</b>
<b>Impact (Overall Objective)</b>	The overall objective (impact) of this action is to provide support to the health response to the COVID-crisis and to support the Republic of Moldova in the implementation of some reforms linked to the EU-Moldova Association Agreement/DCFTA and Association Agenda.	<ul style="list-style-type: none"> <li>Percentage of the implemented commitments set out in the EU-Moldova Association Agreement/DCFTA</li> </ul>	<ul style="list-style-type: none"> <li>Association Council (Government, EU reports)</li> <li>Association Committee and relevant Subcommittees (Government, EU reports)</li> <li>Commission reports</li> <li>Shadow reports</li> </ul>	<ul style="list-style-type: none"> <li>The Government of Moldova remains committed and able to allocate sufficient resources to support the implementation of the AA reforms and strategies.</li> <li>Policy Dialogue between justice sector actors, Parliament, Government, prosecutors, civil society and lawyers, is established.</li> <li>The beneficiary institutions are properly</li> </ul>
<b>Outcome(s) (Specific Objective(s))</b>	SO.1: Strengthened capacity to respond to COVID-19 public health emergency	<ul style="list-style-type: none"> <li>% of suspected cases tested</li> <li>Number of new confirmed cases in healthcare workers</li> </ul>	<ul style="list-style-type: none"> <li>WHO and country reporting on COVID cases</li> </ul>	

				<p>staffed and have the necessary absorption capacities to receive and absorb technical and other support.</p> <ul style="list-style-type: none"> <li>• Civil Society Organisations are willing to participate and be involved in the policy dialogue, its communication and other activities relevant to the Moldovan EU integration process.</li> <li>• Civil Society Organisations working in the field of mass-media and audio-visual are continuing their efforts in voicing the main concerns in the sectors.</li> </ul>
	SO.2: Strengthened institutional capacity for the implementation of the Association Agreement/DCFTA	<ul style="list-style-type: none"> <li>• Number of measures implemented under the EU-Moldova Association Agreement/DCFTA</li> </ul>	<ul style="list-style-type: none"> <li>• Association Council (Government, EU reports)</li> <li>• Association Committee and relevant Subcommittees (Government, EU reports)</li> <li>• Commission reports</li> <li>• Shadow reports</li> <li>• EU, WB &amp; IMF reports and NBM and NCFM Annual Reports</li> </ul>	
	SO.3: Enhance transparency, accountability of and access to the judiciary system	<ul style="list-style-type: none"> <li>• Number of new cases before the European Court of Human Rights against the Republic of Moldova</li> </ul>	<ul style="list-style-type: none"> <li>• European Court of Human rights reports and data</li> </ul>	
	SO.4: Strengthened capacity and sustainability of local media outlets	<ul style="list-style-type: none"> <li>• Number of local media outlets receiving EU support which are free from political or economic influence</li> </ul>	<ul style="list-style-type: none"> <li>• Project management/progress reports</li> </ul>	
<b>Outputs</b>	<p>Expected outputs <i>SO.1</i>:</p> <ul style="list-style-type: none"> <li>• Health and first-line workers have received qualitative protective gears in line with WHO's disease commodity package (Infection prevention &amp; control).</li> <li>• Relevant personnel have been trained to use personal protective equipment, and on case management (infection prevention</li> </ul>	<ul style="list-style-type: none"> <li>• Number of additional masks and protective gear delivered</li> <li>• Number of relevant personnel trained and able to use effectively acquired skills</li> <li>• Number of tests performed with additional test kits/reagents supplied</li> <li>• UHC index measuring access to essential health services with a focus on primary health care</li> </ul>	<p>Country reports Logistics reports WHO Global Health</p>	

	<p>and control, case management and equipment &amp; logistics).</p> <ul style="list-style-type: none"> <li>• Capacity for COVID-19 detection scaled up in line with optimal strategies (national laboratories and operational support and logistics).</li> <li>• Delivery of essential health services and their resilience strengthened and improved.</li> <li>• Citizens have received timely and high-quality information to act at individual level (risk communications and community engagement).</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of population reached</li> </ul>		
	<p>Expected outputs SO.2:</p> <ul style="list-style-type: none"> <li>• Systemic risks to the financial system of the Republic of Moldova are reduced;</li> <li>• New legislation on supervision of insurance sector and on third party liability motor insurance aligned to EU acquis is developed and enforced;</li> <li>• A new legal framework strengthening supervision of non-bank credit organisations (NBCOs) is developed and enforced;</li> <li>• NBM internal regulations on oversight activities are revised, developed and enforced;</li> <li>• Moldovan legislation and regulatory framework is compliant</li> </ul>	<ul style="list-style-type: none"> <li>• Decreased number of banks, which present to NBM non-accurate reports (COREP) for risks identification at an early stage</li> <li>• The quality of Annual Financial Stability Reports is improved;</li> <li>• New secondary legal framework on supervision of insurance sector and on third party liability motor insurance aligned to EU acquis is developed and approved;</li> <li>• Necessary methodologies, regulatory and supervisory tools under the new legal framework (primary and secondary legislation) for the supervision of the non-bank credit organisations are fully developed and enforced</li> <li>• New internal regulations on oversight for FMI and payment services, aligned to international</li> </ul>	<ul style="list-style-type: none"> <li>• AA and DCFTA implementation monitoring reports by the EU and shadow reports;</li> <li>• Legislation approved and published in the Official Monitor of the RM</li> <li>• Annual report of the supervisory authorities</li> <li>• Qualitative assessment by the IMF/WB (FSAP) and other international institutions</li> <li>• Project management/progress reports</li> </ul>	<p>- Government priorities are communicated clearly and adhered to during implementation;</p>

	<p>with SEPA Schemes requirements and the application procedure as a non-EEA member is completed.</p>	<p>best practices and EU acquis, are developed and approved</p>		<p>- Timely and adequate implementation of procurement procedures;</p>
	<p>Expected outputs <i>SO.3</i>:</p> <ul style="list-style-type: none"> <li>• Court monitoring is in place to reveal shortcomings of access to justice and fair trial rights and to inform future reform policy;</li> <li>• Capacity of lawyers (and other legal professions if conditions allow) to ensure improvement of trial rights and the provision of legal aid is increased;</li> <li>• If condition allows (for instance commitment of and ownership by the authorities), selected elements of the judicial reform are designed and implemented and shortcomings identified through court monitoring might be addressed.</li> </ul>	<ul style="list-style-type: none"> <li>• Court monitoring methodology developed and implemented with civil society support</li> <li>• Number of private and legal aid lawyers trained by the Lawyers Training Center (disaggregated by sex) (Number of actors)</li> </ul>	<ul style="list-style-type: none"> <li>• Project management/progress reports</li> <li>• National and international statistical data and reports</li> <li>• EU shadow reports</li> </ul>	

	<p>Expected outputs <i>SO.4</i>:</p> <ul style="list-style-type: none"> <li>• The access of citizens to high quality, balanced and reliable local journalistic content is improved;</li> <li>• The technical and financial capacities of local media outlets is strengthened;</li> <li>• The capacities of local media outlets in the sector of content production is strengthened;</li> <li>• The sources of revenues for local media outlets are diversified.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of people covered by local journalistic content (disaggregated by sex) (Number of actors)</li> <li>Number of new business models developed (at least one out of media initiatives)</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring reports of international experts</li> <li>• Public surveys and international indexes</li> <li>• National stakeholder reports, including from civil society</li> </ul>	
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