



Questionnaire

Part II

**Information provided by the Government of the Republic of Moldova
to the Questionnaire of the European Commission**

CHAPTER 22: COHESION POLICY REGULATIONS AND INSTRUMENTS

The *acquis* under this chapter consists mostly of basic acts and implementing regulations, which do not require transposition into national legislation. They define the rules for drawing up, approving and implementing cohesion policy programmes and respect the responsibilities of each country's territorial organisation which is to manage the cohesion policy funds (the European Regional Development Fund, the European Social Fund Plus, the Just Transition Fund and the Cohesion Fund).

Although no transposition of *acquis* under this chapter is required, as the cohesion policy regulations are directly applicable to Member States, many administrative and/or legislative acts or regulations will have to be adopted at national level in order to put in place the whole system for governing the funds.

As a starting point, the formal requirements of the Treaty need to be recognised. In particular, Article 175 stipulates that Member States shall conduct their economic policies and shall coordinate them in such a way as *inter alia* to attain the objectives set out in Article 174, i.e. to reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions.

A national legislative framework in place has to allow for multi-annual programming at the national and, where relevant, sub-national levels. This framework also has to allow for budget flexibility, enabling co-financing capacity at both national and sub-national level, and should ensure the sound and efficient management of programmes.

In general, the responsibilities of Member States include:

- Taking all the legislative regulatory and administrative measures necessary for protecting the cohesion policy funds and national implementation instruments;
- Setting up an effective and efficient internal control system;
- Designating the bodies responsible for the management and control of the funds and instruments;
- Introducing streamlined reporting obligations, including the periodic submission of management declarations and establishing unitary chains of assurance about the legality and reliability of the declarations submitted ;
- Introducing a system for the examination and acceptance of the accounts of designated bodies

Member States must respect and implement the Union legislation, in particular in the areas relevant for cohesion policy. In addition, national authorities will have to assess whether the thematic and horizontal enabling conditions are fulfilled.

Member States must also set up an institutional framework. This includes establishing all structures at national and, where relevant, sub-national level required by the regulations, as well as setting up an implementation system with a clear definition of tasks and responsibilities.

The implementation of cohesion policy is influenced by the quality of its public administration. Appropriate administrative capacity includes having a well-designed organisational structure, a human resources strategy that secures timely availability of skilled and motivated staff, and methods, guidelines, manuals, procedures, IT systems etc., which enable efficient and transparent work.

The programming process covers the preparation of a partnership agreement and of a series of programmes. Member States have to organise broad partnerships for the preparation of these documents. They have to ensure that a sufficient pipeline of mature projects is established, allowing for the full financial implementation of programmes. Member States will also have to carry out specific communication and publicity measures.

Establishing a monitoring and evaluation system includes the set-up of structures and processes as well as the installation of an information management system accessible and usable for all concerned bodies. In addition, all official exchanges of information between the Member State and the Commission need to be carried out using an electronic data exchange system.

I. LEGISLATIVE FRAMEWORK

A. Legislative framework related to implementation of Cohesion Policy

1. How would Moldova ensure the contribution to the requirements stipulated in Articles 174 and 175 of the Treaty?

Since 2006 the Republic of Moldova has started the process of alignment of national policies with the cohesion policies of the European Union.

Thus, in order to comply with the provisions of Articles 174 and 175 of the Treaty, a series of actions were carried out, including the Adoption of Law number 438/2006 on regional development in the Republic of Moldova¹, which is the main document formulating the policy objectives in this field aligned with the objectives of EU cohesion policy. This Law established initially the National Regional Development Fund and later the National Fund for Regional and Local Development as the main source of funding for regional and local development projects and programmes.

The regulatory framework has been in a continuous process of refinement and adjustment, and the latest version of the Law formulates the general objective of regional development as ***„increasing the competitiveness and sustainable development of each region, reducing disparities and increasing the quality of life of the inhabitants”***.

Article 2 of the Law formulates the specific objectives of regional development policy in the Republic of Moldova, and the objective of ***„increasing territorial cohesion and preventing exclusion”*** is directly oriented towards alignment with EU policies in this field.

Another important step represents the approval of the Law No. 27/2022 on the Regulation of the National Fund for Regional and Local Development², which creates additional mechanisms for the implementation of the cohesion policy, aimed at increasing the living standards of citizens in both urban and rural areas.

The policy framework is established through the National Regional Development Strategy 2022-2028, approved by Government Decision No. 40/2022³, which represents the fourth programming cycle, being the main public policy document in the field that represents also the basis for the elaboration and approval of derived policy and programming documents that transpose its main objectives and targets. These objectives are transposed by the Regional operational programmes, which are

¹ Law No. 438/2006 on regional development in the Republic of Moldova, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=107434&lang=ro

² Law No. 27/2022 on the Regulation of the National Fund for Regional and Local Development, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130108&lang=ro

³ Government Decision No. 40/2022 National Regional Development Strategy 2022-2028, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130572&lang=ro

drawn up and approved at the level of the development regions, providing for the implementation of cohesion policies at regional level.

The current strategic vision, formulated by the National Regional Development Strategy 2022-2028, aims at „*increasing the competitiveness and sustainable development of each region, adjusting disparities and increasing the quality of life of citizens*”

The implementation of the interventions formulated by the strategic documents are further set in the Single Programme Document, approved by Government Decision No. 23/2022⁴, which is approved for a programming period of 3 years, and includes regional and local development programmes and projects, also aiming to increase territorial cohesion and providing support to the first (I) and second (II) level local administrations in improving citizens' living conditions and public services.

2. What would be necessary to establish the system to manage cohesion policy? What authorities would be responsible for approving the necessary administrative and/or legislative acts?

The regulatory framework of the Republic of Moldova in the field of regional development is linked to the cohesion policy of the European Union.

Article 2 of Law No. 438/2006 on regional development in the Republic of Moldova⁵, establishes the main elements of cohesion policy, formulates the general objective and specific objectives and establishes the principles for managing the policy in this area.

The overall objective of regional development is „*increasing the competitiveness and sustainable development of each region, reducing disparities and increasing the quality of life of the inhabitants*”.

The specific objectives of regional development are:

- a) increasing competitiveness and employment in the regions;*
- b) increasing territorial cohesion and preventing exclusion;*
- c) ensuring institutional and legal conditions for the implementation of collective governance at national, regional and local level, in cooperation with the private sector and civil society”.*

⁴ Government Decision No. 23/2022 The Single Programme Document 2022-2024, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129488&lang=ro

⁵ https://www.legis.md/cautare/getResults?doc_id=107434&lang=ro

The provisions of the regulatory framework shall be further adjusted and correlated with the recent regulations of the European Union so as to ensure maximum compatibility of the Republic of Moldova's priorities and objectives with the EU.

The regulatory framework of Law No. 438/2006 on regional development in the Republic of Moldova (Chapter II) describes the institutional framework of the policy, and their concrete responsibilities as follows:

- ***National Coordination Council for Regional and Local Development,***
- ***National Regional Development Policy Authority,***
- ***Regional Development Councils,***
- ***Regional Development Agencies.***

The division of responsibilities include:

- ***The Parliament of the Republic of Moldova adopts legislation in this field.***
- ***National Regional Development Policy Authority, specialized central bodies of public administration is responsible for promoting regional development policy in the Republic of Moldova including:***
 - elaboration, monitoring and evaluation of the implementation of the National Strategy for Regional Development;
 - management of the National Fund for regional and local development;
 - establishing in collaboration with other ministries, with the National Council for the Coordination of Regional and Local Development and with the regional development councils, the national priorities for regional development;
 - formulation and submission for approval by the National Council for Coordination of Regional and Local Development the Single Programme Document;
 - formulation and submission for approval by the National Council for Coordination of Regional and Local Development the annual implementation plan of the Single Program Document;
 - methodologically regulating the process of elaboration of regional operational programs;
 - monitoring and evaluation of the implementation process of regional operational programs;
 - elaborating and proposing for for approval by the National Council for Coordination of Regional and Local Development of the mechanism for financing the measures and instruments for implementing the regional operational program;

- attracting additional financial resources for the implementation of the National Strategy for Regional Development.
- ***The National Coordination Council for Regional and Local Development*** is responsible for approving, promoting and coordinating regional development policy objectives at national level, including:
 - endorsement of the National Strategy for Regional Development;
 - approving the Single Programme Document;
 - approving the national priorities of the regional development policy;
 - approving the financial allocations from the National Fund for regional and local development;
 - approving the annual implementation plan, corresponding to the financial means available in the National Fund for regional and local development;
- ***The Regional Development Councils*** are set up to coordinate and promote regional development policy objectives at local level and are responsible for:
 - approving the Regional Operational Program and the Annual Implementation Plan, elaborated by the Regional Development Agency;
 - approving and promoting regional development projects;
 - representing the development region and its interests in the National Council;
 - monitoring the use of the financial resources from the National Fund for regional and local development, allocated for the development region;
 - promoting interregional and intraregional cooperation with public institutions and private organizations;
- ***The Regional Development Agencies*** are responsible for:
 - performing the social and economic development analysis in the development region, draws up regional operational programmes, plans, programmes and projects for regional development;;
 - coordinating the implementation process of Regional Operational Programs, regional development plans, programs and projects;
 - monitoring and evaluation of the implementation of Regional Operational Programs, regional development plans, programs and projects;
 - drafting annual reports on the implementation of Regional Operational Programs to the Regional Council, the regional development policy development authority and the National Council;
 - attracting non-budgetary means for the implementation of Regional Operational Programs, regional development programs and projects;

- providing informational, methodological and advisory support to the Regional Council and local public administration authorities for the balanced and sustainable development of the region;
- facilitating the cooperation of the civil society in the field of the socio-economic development of the region;
- ensures the secretarial work of the regional council.

B. Budget planning and implementation mechanisms at national, sub-national (NUTS 2 and NUTS 3) levels, co-financing mechanism

3. How will national co-financing (at central, and, where relevant, at sub-national levels) in the framework of EU assistance be secured and does the legislative framework already allow for multi-annual budgeting?

In order to finance regional and local development programmes and projects included in the Single Programme Document, the Law No. 438/2006 on regional development in the Republic of Moldova⁶, established the National Fund for Regional and Local Development, whose formation and management is regulated by law.

The Law No. 27/2022 on the National Fund for Regional and Local Development⁷ regulates the general principles of the establishment, organization, financing and functioning of the National Fund for Regional and Local Development, whereas letter c) of point 2 of Article 4 of Law No. 27/2009 provides for *the possibility of co-financing projects implemented from external assistance sources*.

At central level (NUTS 2), the National Coordination Council for Regional and Local Development, established by Law No. 438/2006 (Article 5), approves the allocations from the National Fund for Regional and Local Development, assists in interregional, cross-border and other cooperation activities and contributes to attracting additional financial means for the implementation of the National Regional Development Strategy, the Single Programme Document and the Regional Operational Programmes.

The Government Decision No. 152/2022 on the approval of the Regulation of the National Fund for Regional and Local Development⁸, creates the mechanism, and point 15 of the mentioned Government Decision specifies that *„The financial resources of the Fund shall be used for the implementation of projects included in the Single Programme Document, for co-financing mechanisms of projects*

⁶ https://www.legis.md/cautare/getResults?doc_id=130212&lang=ro

⁷ https://www.legis.md/cautare/getResults?doc_id=130108&lang=ro

⁸ Government Decision No. 152/2022 on the approval of the Regulation of the National Fund for Regional and Local Development, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130345&lang=ro

implemented from external assistance sources...” and offers the possibility of access to financial sources by local public administrations.

At regional level (NUTS 3), Regional Operational Programmes (ROP) are elaborated and approved by the Regional Development Councils.

The allocations of financial resources for the Government's contribution to the projects financed from external sources implemented by the central public authorities are included in the budgets of these authorities based on requests and are analyzed/consulted at the stage of drafting the annual state budget law, based on general budget rules and on signed financial agreement or on agreement on participation on specific EU Programmes.

In accordance with the provisions of the Law on local public finances No. 397/2003⁹, the list of projects financed from external sources is a part of the mandatory budget documentation for the draft annual budget decision of local public authorities submitted for approval to local councils. The resources related to the projects financed from external sources are managed in accordance with the provisions of the agreements concluded between the parties, within the limits of the approved budgetary allocations.

Starting with 2022, the National Fund for Regional and Local Development was included in the State Budget Law, based on Law No. 27/2022 on the National Fund for Regional and Local Development, directed to the local public authorities.

The Fund is used for specific areas of intervention for both regional and local development, *including co-financing of projects implemented from external assistance sources*. The mechanism includes a separate financing measure on a permanent basis, that allows the Applicants to access from the Fund financial resources to cover the co-financing within transnational, cross border and other programs financed from external sources.

Government Decision No. 152/2022 establishes the mechanism for managing the financial means of this Fund.

The projects financed under this measure are aimed at providing the necessary support to the local public administration authorities in attracting the financial sources of the development partners or the sources within the cross-border / transnational cooperation programmes, by implementing the eligible investment projects.

The costs eligible for financing are approved in the amount of 100% of the mandatory co-financing conditions, imposed by the donor.

⁹ Law No. 397/2003 on local public finances, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129334&lang=ro

Based on the Law on Public Finance and Fiscal Responsibility no. 181/2014¹⁰, the Ministry of Finance elaborates the Medium Term Budget Framework (MTBF) which is approved by the Government. This document sets the rolled-over limit for financial resources for 3 years both for the National Fund for Regional and Local Development, and for contributions to projects financed from external sources implemented through central public authorities. The ceilings are indicative and are annually adjusted, based on the available resource framework.

C. Legal provisions on financial control

4. What is the legal framework related to financial control and audit? Are all public bodies, at national or sub-national levels, required to set up financial control and independent internal audit structures?

Article 133 of the Constitution of the Republic of Moldova, establishes the Court of Accounts as an audit institution, which exercises control over the formation, management and use of public financial resources, the results of its activity being reported annually to the Parliament.

Under the EU-Moldova Association Agreement, the Republic of Moldova is committed to implementing the Public Internal Financial Control (PIFC) system at national level in accordance with internationally recognized methodologies and standards as well as EU best practices.

Responsibility for the design and modeling of Public Internal Financial Control (PIFC) in the Republic of Moldova lies with the Ministry of Finance, through the Central Harmonization Unit.

The regulatory framework for financial control and audit is based on:

- Law No. 229/2010 on internal public financial control¹¹.
- Government Decision No. 556/2019 approving the Regulation on the acquisition, confirmation and development of professional qualification in the field of internal audit in the public sector.¹²
- Government Decision No. 557/2019 on the approval of the Code of Ethics of the Internal Auditor and the Internal Audit Charter.¹³

¹⁰ Law No. 181/2014 on Public Finance and Fiscal Responsibility, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=126152&lang=ro

¹¹ Law No. 229/2010 on internal public financial control, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=110514&lang=ro

¹² Government Decision No 556/2019 approving the Regulation on the acquisition, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=119034&lang=ro

¹³ Government Decision No 557/2019 on the approval of the Code of Ethics of the Internal Auditor and the Internal Audit Charter, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=119035&lang=ro

- Government Decision No. 617/2019 approving the Regulation on quality assessment of internal audit activity in the public sector.¹⁴
- Order of the Ministry of Finance No. 189/2015 on the approval of the National Standards of Internal Control in the Public Sector.¹⁵
- Order of the Ministry of Finance No. 153/2018 on the approval of the National Internal Audit Standards.¹⁶
- Order of the Ministry of Finance No. 161/2020 on the approval of the Rules of internal audit in the public sector.¹⁷
- Order of the Ministry of Finance No. 160/2020 on the approval of the Regulation on internal audit activity on a contract basis in the public sector.¹⁸
- Order of the Ministry of Finance No. 4/2019 on the approval of the Regulation on self-assessment, reporting of the internal management control system and issuing the Statement of managerial responsibility.¹⁹
- Order of the Ministry of Finance No. 176/2019 on the approval of the Regulation on the reporting of internal audit activity in the public sector.²⁰

Public internal financial control is provided by the **Central Harmonization Unit** (Directorate for Public Internal Financial Control Policies of the Ministry of Finance), which has the following responsibilities:

- development, promotion and monitoring of policies in the area of internal management control and internal audit in the public sector;
- monitoring and assessing the quality of internal audit activity in the public sector and the system of managerial internal control;
- preparation and submission to the Government of the annual consolidated report on public internal financial control;
- organizes training in the field of managerial internal control and internal audit and develops certification mechanisms for internal auditors, etc.

¹⁴ Government Decision No 617/2019 approving the Regulation on quality assessment of internal audit activity in the public sector, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=119615&lang=ro

¹⁵ Order of the Ministry of Finance No. 189/2015 on the approval of the National Standards of Internal Control in the Public Sector, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=89744&lang=ro

¹⁶ Order of the Ministry of Finance No. 153/2018 on the approval of the National Internal Audit Standards, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=110376&lang=ro

¹⁷ Order of the Ministry of Finance No. 161/2020 on the approval of the Rules of internal audit in the public sector, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=125001&lang=ro

¹⁸ Order of the Ministry of Finance No. 160/2020 on the approval of the Regulation on internal audit activity on a contract basis in the public sector, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=125000&lang=ro

¹⁹ Order of the Ministry of Finance No. 4/2019 on the approval of the Regulation on self-assessment, reporting of the internal management control system and issuing the Statement of managerial responsibility, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=119967&lang=ro

²⁰ Order of the Ministry of Finance No. 176/2019 on the approval of the Regulation on the reporting of internal audit activity in the public sector, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=119895&lang=ro

According to Article 5 „Components of financial control” of the Law No. 229/2010 on public internal financial control: „In order to promote good governance of public entities, public internal financial control shall be implemented”, which includes:

- a) internal management control;*
- b) internal audit;*
- c) centralized coordination and harmonization.*

The legal representatives of the public entity shall be responsible for ensuring that the above provisions are complied with, and for the execution of the provisions of paragraph c) – **the Ministry of Finance.**

D. Territorial organisation

5. Please explain briefly the territorial organisation of Moldova relevant to the institutional setup required for the future implementation of cohesion policy. This should include a description of the relevant territorial organisation/breakdown into regions corresponding to the levels of the NUTS classification (including the number of regions in each category).

According to Article 1 of Law No. 764/2001²¹, the administrative-territorial organization of the Republic of Moldova and the establishment of the legal framework for villages (communes), districts and cities (municipalities) and administrative-territorial units shall be carried out in accordance with Articles 110 and 111 of the Constitution of the Republic of Moldova and shall be carried out in accordance with economic, social and cultural needs, with respect for historical traditions, in order to ensure an adequate level of development of all rural and urban localities.

The territory of the Republic of Moldova is administratively organized into administrative-territorial units: villages, cities, districts and the autonomous territorial unit of Gagauzia.

The administrative-territorial organization of the Republic of Moldova is established on the following levels: villages (communes) and cities (municipalities) constitute the first level, districts, Chisinau municipality and Balti municipality constitute the second level, and the autonomous territorial unit of Gagauzia has a special level of administration.

²¹ Law No. 764/2001 Administrative-territorial organization of the Republic of Moldova, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=125095&lang=ro

The Law No. 438/2006²² defines functional development regions on the territory of the Republic of Moldova. Development regions are functional territorial units that represent the framework for planning, evaluation and implementation of regional development policy. Development regions are not administrative-territorial units and do not have legal personality, they determine the framework for planning, evaluation and implementation of regional development and are subjects of these processes.

The annex to the mentioned law establishes 6 development regions in the Republic of Moldova: North, Centre, South, Autonomous Territorial Unit of Gagauzia, Chisinau Municipality, Transnistria.

Government Decision 570/2017²³, transposing Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS), approves the Nomenclature of Territorial Units for Statistics of the Republic of Moldova.

The Nomenclature of Territorial Statistical Units of the Republic of Moldova is a hierarchical nomenclature consisting of the following levels:

- **level 1** consists of a single statistical region covering the entire territory of the Republic of Moldova;
- **level 2** comprises two statistical regions: the Western part (right side of the Dniester) and the Eastern part (left side of the Dniester);
- **level 3** comprises six statistical regions: North, Centre, South, Autonomous Territorial Unit of Gagauzia, Chisinau municipality and administrative-territorial units of the left bank of the Dniester river.

The nomenclature of territorial statistical units described in Government Decision 570/2017, for the most part, corresponds to the development regions, provided for by Law No. 438/2006.

6. Do any authorities for regional development exist at the regional level (in particular at NUTS 2 level)? If yes, what is their legal status, how are they financed, what competences and role do they have?

According to the provisions of Article 7 and Article 8 of Law No. 438/2006²⁴, the institutional framework at the regional level consists of:

- ***Regional Development Council*** which is defined as a functional deliberative structure at the level of each development region, set up to coordinate and promote regional development policy objectives at local level. The work of

²² Law No. 438/2006 Functional development regions on the territory of the Republic of Moldova, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130212&lang=ro#

²³ Government Decision No. 570/2017, Nomenclature of Territorial Units for Statistics of the Republic of Moldova, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=100999&lang=ro

²⁴ https://www.legis.md/cautare/getResults?doc_id=130212&lang=ro#

the Regional Development Council is not remunerated from national budget sources.

Each Regional Council has the following basic tasks:

- coordinates and monitors the process of developing the Regional Development Strategy and the Operational Plan;
 - mobilizes regional resources for the stable and sustainable development of the region's localities, with the aim of improving living conditions as much as possible throughout the development region;
 - defines the goals and priorities in the field of social and economic development of the respective development region;
 - coordinates the planning and implementation of regional development objectives within the development region.
- ***Regional Development Agency*** which is a public institution, founded by the regional development policy-making authority, set up to implement regional development policy at the level of the development region. Regional Development Agencies' operational costs are financed from the National Fund for Regional and Local Development.

Each agency:

- carries out social and economic development analysis in the development region, draws up regional operational programmes, plans, programmes and projects for regional development;
- coordinates the implementation process of regional operational programmes, regional development plans, programmes and projects;
- monitors and evaluates the implementation of regional operational programmes, regional development plans, programmes and projects;
- reports annually on the implementation of regional operational programmes to the regional council, the regional development policy-making authority and the National Council;
- attracts non-budgetary means for the implementation of regional operational programmes, regional development programmes and projects;
- provides informational, methodological and advisory support to the regional council and local public authorities for the balanced and sustainable development of the region;
- facilitates civil society cooperation in the field of socio-economic development of the region.

7. Does the existing legal framework allow local authorities and communities to take part in common projects implemented across national borders? Are there any limitations (e.g. transfer of money between local authorities across borders) to participating in cross-border projects?

The existing legal framework allows local authorities and communities to take part in common projects implemented across national borders.

According to the provisions of Article 4, paragraph 2 of Law No. 397/2003²⁵ on local public finances, the revenues of local budgets are made up of taxes, fees, other revenues provided by law, including grants for projects financed from external sources.

At the same time, according to Article 3 of the Regulation on the implementation of cross-border and transnational cooperation programmes financed by the European Union, approved by Government Decision No. 576/2017, the beneficiary of cross-border and transnational cooperation programmes financed by the European Union is considered to be any legal entity which has signed a grant contract, and which is responsible for initiating and implementing the project approved for funding. Thus, there are no impediments for local public authorities to participate in such programmes.

Similarly, grants for projects financed from external sources can be attributed to the revenue category of local public authorities, according to provisions of Articles 26 and 28 of Law No.181/2014 on public finance and budgetary-fiscal responsibility. Also, according to paragraph 1, art. 42 of Law No. 181/2014, expenditure of budgetary authorities/institutions (including LPAs) can be financed from the resources of projects financed from external sources.

At the same time, local public administration authorities may benefit from external assistance by concluding twinning/cooperation agreements with local public administration authorities from other countries, in accordance with the provisions of Law No. 436/2006²⁶ on local public administration, if such agreements provide for such measures.

There are no limitations on the transfer of financial resources between local public authorities (LPAs) if they participate in a joint cross-border or transnational cooperation project. According to the grant contracts, the Managing Authorities of the cooperation programmes transfer financial resources to the lead beneficiary of the project and the lead beneficiary in turn transfers financial resources to the other partners. It should be noted that any LPA can be both lead beneficiary and partner beneficiary. At the same time, resources cannot be used for the proposed purpose if they are not reflected in the LPA's budget for the year in question.

²⁵ Law No. 397/2003# on local public finances, www.legis.md/cautare/getResults?doc_id=129334&lang=ro

²⁶ Law No. 436/2006 on local public administration,
https://www.legis.md/cautare/getResults?doc_id=17373&lang=ro

II. ADMINISTRATIVE CAPACITY

8. Are the current levels of administrative capacity for project development and implementation of EU assistance in Moldova appropriate? Which capacity building measures and assistance for beneficiaries (in particular for projects at sub-national level) would be required for the implementation of cohesion policy (presently representing an annual support in the EU of up to 2.3% of GDP)?

Current administrative capacities have been strengthened and refined for project development and implementation of EU assistance.

Thus, with a view to capacity building, an EU TWINNING project “Capacity Building in Regional Development in the Republic of Moldova” was implemented in 2012-2014. At the regional level with EU funding, 18 infrastructure projects worth 38 million EUR have been implemented and are in the process of implementation.

From EU financial sources, the project “EU4Moldova: Key Regions” with a budget of 23 million EUR is in the process of implementation. The project represents a pilot initiative that targets systemic changes through the synergy of previous, current and future initiatives financed by the European Union and other development partners. By 2025 the project will provide assistance for municipalities and localities in their proximity for improving living conditions and consolidating the capacities of the local public authorities to support a balanced socio-economic development. The “EU4Moldova: Key Regions” project is implemented by UNDP and UNICEF with the strategic guidance of the European Union Delegation in the Republic of Moldova.

In order to ensure coordinated capacities for the implementation of regional and local development projects, in the context of the improvement of the institutional framework for the implementation of cohesion policies, Government Decision No. 271/2022²⁷ established the National Office for Regional and Local Development, whose staff will ensure the monitoring and implementation of socio-economic development projects of localities.

9. Does the staff planned to be engaged in EU funded programmes/projects already have expertise and experience in management (projects, programmes, human resources), public procurement, state-aid, evaluation and financial management and control?

It is important to mention that external assistance programmes/projects funded by the EU are implemented through direct and indirect management.

Most of them are implemented directly through the official development agencies of the EU member states and/or the UN agencies and other multilateral development partners, and others are implemented based on the signed external assistance

²⁷ Government Decision No. 271/2022 National Office for Regional and Local Development, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130977&lang=ro

agreements by implementation units of the programmes/projects, established or designated by the beneficiary in this regard. Therefore, the recruitment and employment of qualified personnel, including the continuous potential strengthening of the human resources capacities, is among the main objectives and prerogatives of these institutions.

As a rule, the requirements regarding the skills related to the necessary expertise and experience in management, public procurement, state-aid, evaluation and financial management and control have the largest share when evaluating the eligibility of candidates to be engaged as members of the staff of the programmes/projects implementers.

Regarding the *cross-border and transnational cooperation programmes*, it is worth mentioning that the Public Institution “Office for Management of External Assistance Programmes” ensures the support of national beneficiaries of the cross-border and transnational cooperation programmes at all stages of project implementation. At the same time, in order to develop professional and institutional capacities, it periodically organizes trainings for beneficiaries, auditors/controllers and the staff of national institutions which part of the national management and control system, regarding the programme rules for a better implementation of the projects.

Additionally, the expenditure verification of cross-border and transnational projects, must be mandatorily carried out by an independent auditor, who is included in the List of trained auditors for carrying out expenditure verification missions in the framework of projects financed by the European Union under the Cross-Border and Transnational Cooperation Programmes, published on the Ministry of Finance website.

At the regional level, regional development agencies have the necessary capacities to be engaged in EU funded projects/programmes. The capacities of regional development agency staff to carry out procurement according to EU standards (practical guide on contract procedures for European Union external action (PRAG)) have been strengthened with the assistance of the German International Cooperation Agency (GIZ) in the framework of the project “Modernization of local public services”.

At the same time, in order to ensure the evaluation and monitoring procedures of regional development projects/programmes, Order 149/2021 „On the approval of the Instruction on monitoring and evaluation of the implementation of regional development projects” was issued by the National Authority responsible for the implementation of the regional development policy.

III. PROGRAMMING

10. Do national planning documents and sector strategies, which can constitute the basis for strategic documents required by cohesion policy, exist? Please describe the sectors covered and the status of the documents concerned.

At the national level, the National Development Strategy “Moldova 2030” was approved and submitted to the Parliament for consideration by Government Decision number 377/2020²⁸.

The Government Decision No. 40/2022²⁹ approved the National Regional Development Strategy for 2022-2028” (NRDS), which was developed based on the provisions of Title IV Chapter 20 “Regional development, cross-border and regional cooperation” of the Association Agreement between the Republic of Moldova, on the one hand, and the European Union and the European Atomic Energy Community and their Member States, on the other hand, ratified by Law No. 112/2014³⁰.

The strategy formulates the vision: *„Increasing the competitiveness and sustainable development of each region, adjusting disparities and increasing the quality of life of citizens”* with the following general objectives:

- 1 „Increasing regions' competitiveness and employment”;*
- 2 „Increasing territorial cohesion and preventing exclusion”;*
- 3 „Improving mechanisms and instruments for coordinating and implementing national regional development policy”.*

At regional level, Regional Operational Programmes (ROP) are drafted and approved by decisions of the Regional Development Councils.

These programming documents cover the following sectors:

- Urban development;
- Improving the business environment in regions;
- Identifying and promoting smart specialization in regions;
- Regional and cross-border cooperation;
- Improving basic technical and public (utility) infrastructure;
- Developing business support infrastructure;

²⁸ Government Decision No 377/2020, The National Development Strategy „Moldova 2030”, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=121920&lang=ro

²⁹ https://www.legis.md/cautare/getResults?doc_id=130572&lang=ro

³⁰ Law No 112/2014, Association Agreement between the Republic of Moldova, on the one hand, and the European Union and the European Atomic Energy Community and their Member States, on the other hand, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=83489&lang=ro

- Supporting the process of regional adaptation to climate change, risk prevention and disaster resilience;
- Operational efficiency of the implementation framework;
- Strengthening the funding mechanism for regional development projects.

At the same time, in order to contribute to the localization of sustainable development objectives, given that local authorities have a unique role and a unique contribution to make in the promotion and implementation of sustainable development, Government Decision No. 916/2020³¹ approved the National Programme for the Development of Cities as Growth Poles.

In order to ensure representativeness in the programming processes of the regional development policy, coordination and decision making have been established on complex platforms which include all key stakeholders at national and regional levels. The National Coordinating Council for Regional and Local Development is an entity set up to approve, promote and coordinate the objectives of regional and local development policy at national level, which includes ministers with competences in the fields of regional development, economy, finance, and other relevant domains, presidents of the regional development councils, a private sector representative from each regional development council, a representative of the relevant associations of local public authorities, as well as a civil society representative. This body serves as an efficient platform for consultation and decision making, ensuring the compliance with the partnership principle in decision-making and coordination of transversal actions to build resilience, fight poverty as well as other cross cutting interventions at national level.

³¹ Government Decision No. 916/2020 The National Programme for the Development of Cities as Growth Poles, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=125259&lang=ro

IV. MONITORING AND EVALUATION

11. Are there entities with sufficient experience and capacity to perform monitoring and independent evaluations of public investment programmes?

The Court of Accounts, according to the provision of the Law No. 260/2017³² on the organization and functioning of the Court of Accounts of the Republic of Moldova, conducts annual audits/evaluates a list of projects and Project Implementation Units, which encountered project implementation challenges (i.e. management and budget issues).

Moreover, at the end of project implementation, the responsible Project Implementation Unit contracts an international audit company which conducts the final evaluation on the implementation of the project and further submits the final report on the results to the beneficiaries and/or to the development partner.

At the same time, the Operational Manual of the Regional Development Agencies and the National Office for Regional and Local Development, specifies the responsibilities and tasks for the evaluation and monitoring of the implementation processes of regional and local development projects. The process of evaluation and monitoring of regional and local development projects is regulated by the Order of the Regional Development Policy Making Entity No. 149/2021.

³² Law No. 260/2017 on the organization and functioning of the Court of Accounts of the Republic of Moldova, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=126160&lang=ro

V. FINANCIAL MANAGEMENT AND CONTROL

12. Which authorities or bodies would be responsible for verifying the correct implementation of operations and which would be responsible for ensuring audits to verify the effective functioning of the management and control systems?

According to Article 3 of the Law No. 260/2017³³ on the organization and functioning of the Court of Accounts of the Republic of Moldova “the Court of Accounts is the supreme audit institution of the Republic of Moldova, which exercises control over the formation, management and use of public financial resources and public assets by conducting public external audit in accordance with international standards of supreme audit institutions”.

Article 5 of the concerned Law expressly states that the mission of the Court of Accounts is to:

- assess the legality, regularity, conformity, economy, efficiency, effectiveness of the management of public financial resources and public assets;
- promote internationally recognized standards of transparency and accountability in the field of public financial management;
- ensure transparency by informing the responsible public authorities and the general public about its strategic and annual plans, findings and recommendations.

The Court of Accounts, as supreme audit institution, in the framework of each audit mission, identifies, tests and evaluates the existence and functionality of internal management controls in the audited entities.

13. Do procedures exist to manage irregularities at national and regional level?

The Law No. 260/2017³⁴ (Article 3) on the organization and functioning of the Court of Accounts of the Republic of Moldova regulates the status of the Court of Accounts as the supreme audit institution of the Republic of Moldova, which exercises control over the formation, management and use of public financial resources and public assets by conducting external public audit in accordance with international standards of supreme audit institutions.

The Court of Accounts has organizational, functional, operational and financial independence according to this law.

³³ https://www.legis.md/cautare/getResults?doc_id=126160&lang=ro

³⁴ https://www.legis.md/cautare/getResults?doc_id=126160&lang=ro

At the same time, the Law in question establishes the mandate, organization, attributions, powers, guarantees of independence, as well as other aspects relevant to the work of the Court of Accounts, and the legal relationships arising in the process of external public audit.

Law No. 229/2010³⁵ lays down the rules and general principles for the organization of public internal financial control.

According to Article 2 of the Law in question, the provisions of the law apply to central and local public administration authorities, public institutions, as well as autonomous authorities/institutions managing national public budget funds.

In the context of cross-border and transnational cooperation EU-funded programmes, there are in place procedures, approved by the minister of finance's order, to manage irregularities occurred during the project implementation:

a. Operational procedure for the prevention, detection and correction of irregularities, applicable at the level of the National Management Authority for Cross-border and Transnational Cooperation Programmes.

According to this procedure, the National Management Authority (Ministry of Finance) has the responsibility, once notified, to take all necessary measures to prevent, detect and correct irregularities committed by beneficiaries/partners in the Republic of Moldova, while also notifying the Managing Authority (Ministry of Development, Public Works and Administration of Romania or Ministry of Finance of Hungary), and in case of detection of fraud and corruption - immediately informing the National Anticorruption and Antifraud Authority (National Anticorruption Centre).

b. Operational procedure for the recovery of EU funds obtained/used through irregularities, fraud or corruption.

The purpose of the procedure is to establish how the work of recovering EU funds obtained/used through irregularities, fraud or corruption is to be carried out, the deadlines involved, the directorates and staff involved, and to ensure the continuity of the work of recovering EU funds obtained/used through irregularities, fraud or corruption. The given procedure involves the recovery of EU funds from the lead beneficiary/grant beneficiary of any amounts due to the Managing Authority which the latter was not able to recover.

³⁵ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=336794>

14. What anti-fraud measures (responsibilities, procedures) are in place?

Pursuant to the Regulation on the implementation of cross-border and transnational cooperation EU-funded programmes (Annex to the Government Decision no.576/2017³⁶), the following national authorities are involved in applying anti-fraud measures:

- **National Management Authority – Ministry of Finance**, which has the following tasks:

At programming stage:

- Contributes to the development of programme documents, management and control systems, in line with the regulations, consulting the National Anti-Corruption and Fraud Authority (National Anti-corruption Center) in order to assess the risks of corruption within these systems.

Tasks related to call for proposals:

- Organizes informative events, partnership forums and preparatory events for potential project beneficiaries.

At the stage of evaluating and selecting applications:

- Requests the National Anti-Corruption and Anti-Fraud Authority (National Anticorruption Centre) to provide information on the pre-selected applicants and other individuals in the process of asset recovery in the framework of external assistance programmes, other contravention / criminal proceedings;
- Informs the National Anti-Corruption and Anti-Fraud Authority on the attempts of applicants, beneficiaries / partners, other individuals and legal entities to fraudulently obtain means from EU funds, within the programs.

At the contracting stage:

- Informs the National Anti-Corruption and Anti-Fraud Authority on the attempts on applicants, other individuals and legal entities to fraudulently obtain means from EU funds, within the programs.

At the stage of implementation and monitoring of projects:

- Prevents irregularities, fraud or corruption in the management of funds allocated by the EU under the Programmes, in cooperation with the National Anti-Corruption and Anti-Fraud Authority, by informing the institutions, beneficiaries / partners from the Republic of Moldova about prevention tools;
- Prevents, detects and corrects irregularities committed by beneficiaries / partners from the Republic of Moldova, notifying also the Managing Authority and the European Commission, and in case of detection of irregularities, fraud and corruption immediately informs the National Anti-Corruption and Anti-Fraud Authority;

³⁶ Government Decision No. 576/2017, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=119852&lang=ro#

- Immediately informs the National Anti-Corruption and Anti-Fraud Authority on possible cases of irregularities, fraud and / or corruption committed by beneficiaries / partners, other individuals and legal entities involved in project implementation;
- Informs the Managing Authority on the measures taken to prevent and remedy any irregularities or possible fraud or corruption at any stage of the use of funds allocated by the EU under the Programmes.

At the stage of recovery:

- Works with beneficiaries / partners to remedy the irregularity on the basis of the notification received from the Managing Authority and in case of discovering a fraud or corruption act, informs immediately the National Anti-Corruption and Anti-Fraud Authority, if the beneficiaries /partners from the Republic of Moldova do not repay, the Republic of Moldova will reimburse the Managing Authority with the amounts unduly paid to the concerned beneficiary/partner.
- Provides the necessary assistance to OLAF and the National Anti-Corruption and Anti-Fraud Authority in the process of recovering EU funds obtained / used with irregularities, through fraud or corruption;
- Supports the Managing Authority in the recovery of EU funds allocated within the programs, used contrary to their purpose or unjustified, and ensures the recovery of the unduly paid amounts of the beneficiaries/partners from the Republic of Moldova in order to be reimbursed to the Managing Authority.

- ***The Court of Accounts of the Republic of Moldova – the National Audit Authority*** and has the following tasks:

At the stage of implementation and monitoring of projects:

- informs the National Management Authority on irregularities identified for information and measures to correct them;
- immediately informs the National Anti-Corruption and Anti-Fraud Authority about certain possible cases of fraud and/or corruption, detected during the process of the audit of the programme in Moldova or the projects' verification.

- ***National Anti-Corruption and Anti-Fraud Authority – the National Anticorruption Centre (NAC)***.

National Anticorruption Centre (NAC) is the national authority specialized in the prevention and fight against corruption, corruption-related acts and acts of corruptive behavior. NAC has organizational, functional and operational independence in accordance with the terms established by the law.

NAC has the following *tasks*:

- preventing, detecting, investigating and curbing corruption contraventions and criminal offenses and those related to corruption offenses, as well as acts of corrupt behavior;
- performing anti-corruption expertise of draft normative acts of the Government, as well as other legislative initiatives submitted to Parliament, to ensure their compliance with state policy to prevent and combat corruption;
- performing the institutional integrity assessment, according to Law No. 325/2013³⁷ on institutional integrity assessment, monitoring the implementation of integrity plans and assessment of the progress that is achieved;
- carry out operational and strategic analysis of corruption and related acts, as well as acts of corrupt behavior, of information on analytical studies on the corruption phenomenon;
- recovery of criminal assets.

Pursuant to the above mentioned Regulation, NAC has the following *tasks*:

At the programming stage:

- contributes to the prevention of irregularities, fraud and corruption within projects by assessing corruption risks regarding the established management and control systems of the programs, evaluation and approval of projects (including direct award of projects) and development of improvement recommendations to them;
- coordinates the evaluation results and improvement recommendations with OLAF;
- instructs the National Management Authority about the corruption risk assessment in identification of irregularities, fraud and corruption within projects, at any stage of the procedures pertaining to their execution.

At the stage of evaluation and selection of applications and contracting:

- Examines, under the criminal or, where appropriate, administrative aspect, cases communicated by the National Management Authority about applicants', other individuals' and legal entities' attempts to obtain, in a fraudulent way, means from EU funds allocated under the programmes.

At the stage of projects' implementation and monitoring:

- examines and presents its opinion on the actions of legal entities/individuals who have received EU funding, within the framework of criminal or, where appropriate, administrative procedures;

³⁷ Law No. 325/2013, on institutional integrity assessment, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129219&lang=ro#

- informs immediately OLAF on the actions of beneficiaries / partners, other individuals and legal entities, that have obtained EU funding through fraud and/or corruption;
- supports OLAF in the process carried out by OLAF itself on alleged cases of fraud and/or corruption;
- cooperates with OLAF to inform applicants, beneficiaries/partners, other individuals and legal entities that seek to obtain EU funding for project proposals and/or those who are implementing the programs, on how to prevent fraud, corruption and irregularities and about the obligation they have to inform immediately OLAF and/or the National Anti-Corruption and Anti-Fraud Authority about cases of fraud and/or corruption that became known to them within the programmes and projects;
- cooperates with the Managing Authority during the training process of the national authorities' staff on preventing fraud and corruption in the implementation of EU funded projects.

At the stage of recovering the EU funds obtained and/or used with irregularities, fraud or corruption:

- carries out criminal proceedings in order to identify, seize and confiscate (in criminal or, where appropriate, civil proceedings) the EU funds, allocated under the programmes, misused, obtained / used by fraud, corruption and other irregularities, committed in the Republic of Moldova;
- cooperates with OLAF in order to identify, seize and confiscate (in criminal or, where appropriate, civil proceedings) EU funds, allocated under the programs, misused, obtained / used by fraud, corruption and other irregularities, committed in the Republic of Moldova;
- assists OLAF in performing its own controls, according to the rules of civil and criminal procedure, the provisions of other special laws applicable in the Republic of Moldova, to conduct its investigations on alleged cases of fraud, corruption and/or irregularities that took place under the programmes.

VI. AVAILABILITY OF STATISTICS FOR THE IMPLEMENTATION OF STRUCTURAL/COHESION FUNDS

15. Please describe the relevant socio-economic data/statistics available.

The National Bureau of Statistics is the central authority in the statistical field that has the mission to draft policies in the field of statistics and provides the central and local public authorities, business environment, scientific research, university academic community, media, the general public, and other categories of users, including organizations and international bodies, with quality and timely statistical data and information on the country's social and economic situation.

The main tools for disseminating official data is the NBS website www.statistica.gov.md and the Statistical database (Statbank) <http://statbank.statistica.md>. The NBS Statbank contains more than 1200 tables and over 5 million data cells with detailed disaggregated data, including over 250 tables in Regional statistics.

Most economic data and some social data is disaggregated by districts/ municipalities (35) and for 5 of the development regions. Data from household surveys (Household Budget survey and Labor Force Survey) are disaggregated only by statistical regions (4 regions). Statistical regions differ from development regions by the fact that Soldanesti district is a part of the North region (in the case of development regions – part of Centre) and ATU Gagauzia is considered part of the South region (in the case of development regions it is a separate region)³⁸.

Data are presented without the left side of the river Nistru and the municipality of Bender, except specially mentioned cases.

Regional statistics publicly available in Statbank comprise the following areas:

- **Agriculture** (sown area, average harvest, average yield, livestock, animal production – *by districts and development regions*)
- **Construction** (*construction works, implementation of dwellings, construction permits – by districts and development regions*)
- **Culture and sport** (libraries, museums, sports premises – *by districts and development regions*)
- **Domestic trade** (turnover in retail and wholesale trade – *by districts and development regions*)
- **Dwellings** (dwelling stock, water supply systems, public aqueducts, sewerage systems, wastewater disposal – *by districts and development regions and some by localities/communes*)

³⁸ More details are available at <https://statistica.gov.md/pageview.php?l=en&idc=349&id=5091>

- **Education** (institutions/children/pedagogical staff in early education, primary and general secondary education, secondary vocational education, postsecondary vocational education – *by districts and development regions and some by localities/communes*)
- **Entrepreneurship** (activity and financial position of economic units – *by districts and development regions*)
- **Environment** (water use, air temperature, emission of pollutants, generation and consumption of wastes, toxic wastes, urban streets, urban green spaces, municipal waste, solid and liquid waste, expenditures for environmental protection – *by districts and development regions and some by localities/communes*)
- **Health protection** (physicians, paramedical personnel, pharmacies, hospital beds, abortions, persons with disabilities – *by districts and development regions*)
- **Industry** (value of manufactured and delivered industrial production, production of industrial products – *by districts and development regions*)
- **Information technologies** (expenditures of legal entities for information technologies, telephone sets, personal computers, web pages of legal entities – *by districts and development regions*)
- **Investments in assets** (investments in non-current assets – *by districts and development regions*)
- **Justice and crime** (recorded crimes, persons who committed crimes, drug related crimes, injured persons as a result of road accidents – *by districts and development regions*)
- **Labor force** (employment, unemployment, inactive population, NEET – *by statistical regions*)
- **Earnings** (monthly gross average earnings, number of employees, victims of work accidents, costs of work accidents – *by districts and development regions*)
- **Living standard of the population** (disposable incomes, consumption expenditures, structure of households, distribution of households by quintiles, household equipment, food consumption, poverty rate – *by statistical regions*)
- **National accounts** (regional gross domestic product, structure of economic activities – *by development regions*)
- **Population** (population, vital statistics, fertility rates, demographic dependence – *by districts, cities and development regions*)
- **Population social assistance** (pensioners, employed pensioners, old age pensioners, average amount of old age pension – *by districts and development regions*)

- **Tourism** (capacity of collective reception – *by districts and development regions*)
- **Transport** (length of roads, transport of goods and passengers – *by districts and development regions*)

Apart from Statistical databank, the following national and regional statistics are available on the NBS website in:

- Population and Housing Census Platform 2014;³⁹
- Publication „Territorial statistics”;⁴⁰
- Publication „National and regional accounts”;⁴¹
- Press-releases;⁴²
- Some additional data that are not available on the website can be presented at request.

Dissemination of statistical data is carried out according to the Annual Statistical Program of Works and release dissemination calendar, which is publicly available and all users have equal access to the statistical products at the same time.

At the end of 2020, due to NBS' website and Statistical databank, Republic of Moldova ranked 19th in the world and 3rd in the Eastern Europe by coverage and openness of official statistical data. These results were made public by Open Data Watch - Open Data Inventory (ODIN), which beginning with 2015, annually, assesses the coverage and openness of official statistics around the world.

The NBS strives to present official statistics in a clear way, on an impartial basis with supporting metadata. NBS has described reference metadata for statistical surveys and indicators (according to European SDMX Metadata Structure), which are available and publicly disseminated on the official website and Statbank.

³⁹ <http://recensamant.statistica.md>

⁴⁰ <https://statistica.gov.md/pageview.php?l=ro&idc=350&id=4290>

⁴¹ <https://statistica.gov.md/pageview.php?l=ro&idc=263&id=2334>

⁴² <https://statistica.gov.md/news.php?l=ro&idc=168&nod=1&>