

Citizenship for investment or investment for citizenship?

**Position note on amendments to the legislation regulating the
system of granting citizenship**

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Citizenship by investment, between the public interest and the interest of foreigners

In return for some investments, foreign citizens get the opportunity to acquire the Moldovan citizenship and, respectively, Moldovan passport. This became possible following the revision of the Moldovan Law on Citizenship no. 1024-XIV of 2 June 2000, made through the Law amending and supplementing certain legislative acts that was adopted in the final reading on 19 December 2016. In its new version, the Law on Citizenship extends the passport eligibility criteria for foreigners. Thus, foreigners who meet a set of conditions can apply for Moldovan citizenship, if they: 1) have a good economic reputation; 2) do not pose any danger or risk to public order and economic security; 3) contribute to the Public Investment Fund for Sustainable Development or make and maintain for a period of 60 months (5 years) investments in at least one of the strategic development areas of the Republic of Moldova as approved by the Government.

In order to enforce the provisions of the new Law on Citizenship of the Republic of Moldova¹, the Government issued the Regulation on the rules for granting citizenship by investment. This very Regulation specifies the amount of investments that should be made by foreigners – a contribution of 100 thousand Euro to the Public Investment Fund for Sustainable Development or investments amounting to 250 thousand Euro in the strategic sectors as defined by the Government for a period of 5 years. The draft *Government Decision on the rules for granting citizenship by investment*, which includes this Regulation, was published on 27 June at particip.gov.md², while the deadline for comments was set for 3 July (only 4 working days), that is inconsistent with the current legislation, given that under the Law on transparency in decision making (Article 12, p.2)³, recommendations may be submitted within at least 10 days after publishing the notice on organizing public consultations. Being developed by the Ministry of Justice, it generally describes the procedure for granting citizenship to potential investors and the powers of the Commission relating to examination of files for participation in the programme for investment in the so-called strategic sectors of the national economy.

The Law amending the law on citizenship and the proposed Regulation are not consistent with the public interest and affect the country's security. The Corruption Assessment Report, prepared by the National Anti-Corruption Centre (NAC), and stamped by the Parliamentary Secretariat of the Republic of Moldova on 23 December 2016, i.e. four days after the adoption of the law in the final reading (19 December 2016), contains a number of key criticisms regarding the proposed amendment to the citizenship law. Thus, the NAC highlighted that the interests promoted in the draft law are *"detrimental to the public interest and imply major risks to the safety and security of Moldovan citizens and the state"*. Although the adopted amendments provide for attracting investments, they ignore other issues such as national security or protection of the country's economy. In the NAC's view, in the context of migrant crisis that affected the European Union (EU) and the threats of terrorism, the simplified procedures for obtaining citizenship create *"an imminent and direct danger to the security of the Republic of Moldova"*.

There is insufficient compatibility between the adopted law and national anti-corruption standards. In fact, the NAC's opinion expressly acknowledges the fact that the amendment to the citizenship law digresses from the anti-corruption principles existing in national law. Once these amendments are implemented, conflicts between various rules may arise. The NAC describes objections that the duties of the future Commission for the assessment of citizenship application files will overlap with the exclusive powers of the country's President in this field, exercised through the Commission for citizenship and political asylum. Moreover, it is unclear why the Ministry of Economy received such powers, i.e. to coordinate the activity of the Commission for the assessment of citizenship application files. According to the NAC, the Ministry of Economy should only be responsible for evaluating and monitoring investments and verifying the good economic reputation, but not for deciding on granting citizenship.

¹ Law on Citizenship of the Republic of Moldova, No. 1024 of 02.06.2000.

² <http://particip.gov.md/proiectview.php?l=ro&idd=4307>

³ <http://lex.justice.md/md/329849/>

The proposed regulation refers to the Public Investment Fund for Sustainable Development that does not exist at present. The NAC's opinion warns that amendments to the citizenship law have introduced issues that are not yet regulated by national law – the Public Investment Fund. This is a digression from the Law on legislative acts⁴, which may generate discretionary rules that can foster corruption. At the same time, the period for reviewing files is relatively short. In its assessment, the NAC highlights the fact that 30 days for reviewing files is an extremely short period for granting citizenship. At the same time, the draft Regulation does not provide a clear mechanism for monitoring how those 5000 foreigners who will acquire Moldovan citizenship will fulfil their obligation in order to allocate investments for a period of 5 years (60 months).

Even though the procedure for granting citizenship by investment involves a number of risks related to the security of citizens and the country's economy, it does not contain any sanctions or measures to remedy the situation. The amendment of the citizenship law coincides with the attempt to liberalize the capital initiated during the same period. Thus, the draft law amending the citizenship law was registered in the Parliament on the same day (1 December 2016) as the draft law on capital liberalization and tax incentives⁵, which was withdrawn due to criticisms made by civil society⁶ and external partners. At the same time, the Regulation on granting citizenship by investment regulates superficially the process of assessing the degree of danger or the risk to the public order and the country's security. Although it contains specific criteria for assessing the degree of danger and risk, there is no provision for a specific mechanism to conduct such assessment and an authority responsible for it.

The mechanism proposed for making decisions within the Commission for the assessment of citizenship application files is deficient and leaves room for discretionary decisions. The decision on the rules for granting citizenship by investment is adopted during the Commission's meetings, which are deliberative if at least three members are present. All in all, the Commission is made up of five members – the Ministry of Economy, the Ministry of Justice, the Ministry of Finance, the Ministry of Internal Affairs and the Office of the President of the Republic of Moldova. The majority of the present members approve decisions within the Commission. Thus, this mechanism is faulty, as it allows decisions to be taken by representatives of two institutions, if representatives of only three institutions attend the meetings. Furthermore, this mechanism allows decisions to be taken in the absence of the President's Office, which has the exclusive power in granting citizenship.

In addition to the risks caused to public order, country's security and national economy, the granting of citizenship by investment may affect the visa-free regime with the EU. Moldova has already benefited from the visa-free regime for three years, since April 2014⁷. In return for lifting the Schengen visa requirements for citizens, the Moldovan authorities have committed to comply with requirements in the field of border management, migration, security of documents, human rights and public order. Therefore, any deficient mechanism related to the granting of Moldovan citizenship, which may aggravate public order, creates grounds for both the disparagement of the country and the suspension of the visa-free regime at the initiative of one or more EU countries. Thus, in exchange for 5 thousand Moldovan passports offered to foreigners who make investments, over 3 million Moldovans could lose their opportunities for visa-free travels to Schengen countries.

Who sells passports and who attracts investments?

For several years, a more frequent phrase in international business circles, especially among foreign investors, is "citizenship by investment". This term implies that a person may acquire the citizenship of a particular state if he/she makes a substantial financial investment in that country. Sometimes, this process can radically change the rules of the game in international transactions and extend a person's rights far beyond the original ones. Namely this very fact determines the attention given to such a mechanism. Therefore, some countries are reluctant to grant citizenship immediately, and use a pre-citizenship stage for some time. The pre-

⁴ Law on legislative acts, no. 780 of 27.12.2001

⁵ Draft law on capital liberalization and tax incentives,

<http://parlament.md/ProcesulLegislativ/Proiectedeactelegislative/tabid/61/LegislativId/3503/language/ro-RO/Default.aspx>

⁶ <http://expert-grup.org/ro/activitate/comunicate-de-presa/item/1355-initiativa-legislativa-privind-amnistia-fiscala-comporta-riscuri-de-crestere-a-coruptiei/1355-initiativa-legislativa-privind-amnistia-fiscala-comporta-riscuri-de-crestere-a-coruptiei>

⁷ D. Cenușă, Moldova după trei ani de regim fără vize cu UE și noile realități europene (Moldova after three years of visa-free regime with the EU and the new European realities), April 2017, <http://europunkt.ro/2017/04/21/moldova-dupa-trei-ani-de-regim-fara-vize-cu-ue-si-noile-realitati-europene/>

citizenship period lasting from a few months to a few years is very important for an objective assessment of the results of investment and the overall activity of a person, who is granted, in return, the right to permanent residency.

Perhaps it is not accidental that programmes for obtaining immediate citizenship by investment are typical for countries referred to as tax havens or offshore areas⁸. In most cases, these countries are known for refraining from implementing international transparency standards and for maintaining bank secrecy as principles of national existence⁹. Also, quite often, these countries are involved in scandals related to money laundering, illegal actions or tax evasion, whose main beneficiaries are corrupt politicians, doubtful businessmen or arms and drug dealers worldwide¹⁰. At the same time, as a last resort, citizenship by investment can also become a refuge for people convicted in their countries of origin, while extradition becomes very difficult in the absence of cooperation agreements in this respect.

While being actively promoted in the Caribbean region, citizenship by investment programmes have expanded and evolved in multiple countries of the world, including some EU member states, but with different key elements. Pioneers in this respect can be the states of the Caribbean (St. Kitts and Nevis, Antigua and Barbuda, St. Lucia and Dominica), where citizenship is immediately obtained, and is relatively cheap, while residency requirements are minimal. On the other hand, the US, Australia, Switzerland and EU Member States that developed such programmes have more stringent rules, more complex procedures and a defined period in which the person demonstrates the quality of investor and contribution to the country's economy (Table 1).

Table 1. The price of citizenship. Requirements for obtaining a passport

	Country	Inception year	Minimum investment	Period of stay in the country	Citizenship qualifying period
Citizenship Programme	Antigua and Barbuda	2013	250 thou. USD	5 days/5 years	Immediately
	Cyprus	2011	2.5 million EUR	under revision	Immediately
	Dominican Republic	1993	100 thou. USD	N/A	Immediately
	Grenada	2014	250 thou. USD	N/A	Immediately
	Malta	2014	1.15 million EUR	6 months	1 year
	St. Kitts and Nevis	1984	250 thou. USD	N/A	Immediately
Residency programme	Australia	2012	5 million AUD	40 days/year	5 years
	Bulgaria	2009	500 thou. EUR	N/A	5 years
	Canada	1980s	800 thou. CAD	730 days/5 years	3 years
	France	2013	10 million EUR	-	5 years
	Greece	2013	250 thou. EUR	N/A	7 years
	Hungary	2012	250 thou. EUR	N/A	8 years
	Ireland	2010	500 thou. EUR	N/A	-
	Latvia	2010	35 thou. EUR	N/A	10 years
	New Zealand	-	1.5 million NZD	146 days/year	5 years
	Portugal	2012	500 thou. EUR	7 days/year	6 years
	Singapore	-	2.5 million SGD	N/A	2 years
	Spain	2013	500 thou. EUR	185 days/year	10 years
	Switzerland	-	250 thou. CHF/year	180 days/year	12 years
	UK	1994	1 million GBP	N/A	6 years
	US	1990	500 thou. USD	N/A	7 years

Source: Table reproduced according to the IMF study „Too Much of a Good Thing? Prudent Management of Inflows under Economic Citizenship Programmes”. 2015, IMF Working paper, WP/15/93

⁸ Many citizenships by investment programs are motivated by lower tax regimes. Small states have historically acted as tax havens that offered low tax rates on personal and/or corporate income. At the same time, they enforced secrecy laws on banking and maintain few restrictions on financial transactions. Thus, Caribbean countries, which offer such programs, have marketed their favourable tax treatment in an attempt to attract high net-worth clients. Extract from the IMF study „Too Much of a Good Thing? Prudent Management of Inflows under Economic Citizenship Programs”. 2015, IMF Working paper, WP/15/93. Xin Xu, Ahmed El-Ashram, Judith Gold.

⁹ OECD Brief on the State of Play on the international tax transparency standards, June 2017. <https://www.oecd.org/tax/transparency/brief-and-faq-on-progress-on-tax-transparency.pdf>

¹⁰ The US State Department has named 21 Caribbean countries among countries with major implications in money laundering. Major Money Laundering Countries List, 2016, International Narcotics Control Strategy Report, Volume II: Money Laundering and Financial Crimes. <https://www.state.gov/j/inl/rls/nrcrpt/2016/index.htm>

In the developed countries, citizenship is not obtained immediately, but only at the end of a residency process lasting a few years, which ultimately determines the opportunity of granting citizenship. Respectively, although attempts are made to match residency programmes with those of obtaining immediately the citizenship by means of investments, they are still considerably different. In order to avoid money laundering, tax evasion and the potential destabilization of some economic sectors, the programmes applied by the developed countries provide for an in-depth assessment not only of the person but also of the investment area, which are much more diverse and calibrated with the peculiarities of the local economy. Moreover, to secure the impact of the investment on the economic environment, some states require that a certain number of jobs be created as a result of the investment, which in some way justifies the collective benefit of the society from the integration of foreign citizens. Even though the mechanism for granting Moldovan citizenship provides for an assessment of the applicant's profile, it has shortcomings in its modus operandi, as well as a limited period for assessment of applications (only 30 days). This creates opportunities for granting Moldovan citizenship to foreigners who are in close relationship with offshore companies, to which many cash flows have been directed from the Moldovan banking system over the recent years.

The price of citizenship - who wins and who loses

According to some IMF studies¹¹, in the case of small or low-economy countries, the risk of deterioration of macroeconomic balances should not be neglected. Capital entry through programmes that immediately grant the citizenship in exchange of investments may be quite consistent in some sectors of the economy (e.g. real estate or financial-banking). Therefore, such a programme should be based on impact assessments, with a clear vision of economic equilibrium in the sectors concerned or the economy in general. The potential results and effects of the programme depend on both the proposed concept and the volume of capital inflows into the country. At the same time, the quality of this capital is important, if it is qualified as having a dubious source, it can significantly affect the image of the country and its relationship with international partners and institutions. In the case of Moldova, this may also lead to the suspension of the visa-free regime, if public order will be seriously affected.

The main beneficiary of a citizenship by investment programme should be the country's economy, or if misconceived, it can affect the long-term development. The programmes based on attractive formulas for procurements in the real estate sector involve the entry of foreign capital that, through its immediate effects, resembles Foreign Direct Investments. Thus, for the time being, these capital inflows can stimulate the creation of jobs and economic growth, but in most cases unsustainably. In this sense, even if it was not about granting citizenship but only about the right of residency, the example of Portugal is more than eloquent. For 3 years, this country has granted more than 2,500 residency permits for those who purchase real estate worth at least EUR 500,000. As a result, unlike other sectors, the real estate market recorded a sharp dynamics, followed by a wage increase and a price explosion in the sector, which eventually proved to have negative consequences for the rest of the economy. Thus, although in this case the initial economic growth of the country was sustained, the imbalances and the created real estate bubble quickly deteriorated the quality of the real estate assets held by the banks and significantly eroded the sustainable growth of the country¹².

One of the key elements of a citizenship by investment programme is the potential to manage and ensure its sustainability. In the context of the tense situation of migration and terrorism worldwide, the risks to border security relating to the acquisition of a second passport is one of the main concerns in developed countries. Incorrect or non-transparent management of the programme (the number of passports issued, the origin of the capital or its use) may affect the country's external relations. Moreover, the first hesitations about these programmes and discussions about their inappropriateness have already emerged worldwide, including in the EU¹³. Therefore, soon, these programmes could quickly become unattractive if developed countries give up free access to citizens of such states. Under these circumstances, capital inflows may be rather unstable and subject to sudden stops, which increases the macroeconomic volatility and vulnerability of small economies.

¹¹ Too Much of a Good Thing? Prudent Management of Inflows under Economic Citizenship Programs". 2015, IMF Working paper, WP/15/93

¹² Dramatic boost to Portuguese luxury property from "golden visas".

http://www.globalpropertyguide.com/news-Dramatic_boost_to_Portuguese_luxury_property_from_golden_visas_-1892

¹³ European Parliament condemns EU citizenship for sale, <http://www.europarl.europa.eu/ep-live/en/plenary/video?debate=138980455025>

Is this the way of solving the problem?

The lack of Moldovan citizenship does not seem to be a constraint for attracting foreign investments and the presence of potential investors in the country. According to international business and investment reports and studies (e.g. the Global Competitiveness Report or the Doing Business Index)¹⁴, the main factors that undermine entrepreneurial activity in the Republic of Moldova are political instability, corruption, access to finance, the bureaucratic and inefficient framework or government instability (practically, every second contractor considers at least one of these constraints as the main issue of the business environment). Thus, both foreign investors and the business community in general are more concerned with the systemic problems existing in the country rather than the possible advantages of obtaining citizenship. Respectively, there are far more important and fundamental barriers to access foreign investment that the authorities should prioritize.

At the same time, citizenship does not offer a significant advantage to potential investors, as the Republic of Moldova safeguards the application of the principle of national treatment under the international agreements. Being a principle promoted by the World Trade Organization, to which our country is party, it assumes that foreign investors are treated equally with the national ones. Moreover, the agreements on reciprocal promotion and protection of investments signed with most of the traditional external partners provide sufficient guarantees for strategic investors in the vast majority of the economic sectors, including real estate and state securities. Thus, the advantages of obtaining the citizenship of the Republic of Moldova from the perspective of additional protection in the investment process seem to be minimal, except perhaps for the right to become landowner and free movement in the Schengen area.

Moreover, in the case of granting citizenship by investment, the areas of investment cannot be considered as strategic development sectors. According to the draft Regulation developed by the Ministry of Justice and proposed for approval to the Government, the areas of strategic development under the programme are the real estate sector and the state securities sector. Even though these are important sectors of the national economy, currently, they cannot be considered as strategic development sectors in the light of the country's strategic documents and plans. Thus, according to the National Development Strategy (NDS) "Moldova 2020", strategic development sectors would be agriculture, energy, roads and education. Other strategic planning documents¹⁵ define the information technology and communications sector, the automotive or textile industry as priority sectors for economic development, attracting foreign direct investment and sustainable development of the country.

Both the real estate sector and the state securities sector are currently characterized by a number of insufficiently quantified deficiencies and risks. Additionally supplied or incorrectly managed, they could cause a crisis with implications beyond the boundaries of the sectors concerned. The massive exposure to commercial banks' assets confirms the strong connections of these sectors to the banking sector, with any variations in price or quantity being strongly felt in banks' activity. Also, the effects of the recent banking crisis have not completely dissipated, with the process of reform and recovery being underway, which implies the need to avoid major market disturbances. Moreover, the investigation and recovery of funds diverted from Moldovan banks has not been finalized, so there is the possibility, in the absence of sound filters that a large part of these funds will return to the country through the citizenship acquisition programme. Respectively, it could be an indirect mechanism for laundering money that has already been stolen from the national financial system.

In particular, the real estate sector is characterized by limited supervision and regulation, which determines its instability and its unpredictability. As in any country, the Moldovan real estate sector holds a significant share in the total wealth of the population and in the national economy. Real estate market trends also have a significant impact on the individual's wealth and labour mobility within and outside the country. Last but not least, the possible shocks in the real estate sector are rapidly conveyed to the financial-banking sector, with risks

¹⁴ The Global Competitiveness Report, 2016-2017, World Economic Forum;
http://reports.weforum.org/global-competitiveness-index/?doing_wp_cron=1502878670.7801690101623535156250

Doing Business 2017, Equal Opportunity for All, International Bank for Reconstruction and Development / The World Bank,
<http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB17-Report.pdf>

¹⁵ Strategy for increasing the competitiveness of IT industry for the years 2015-2021, approved by Government Decision no. 254 of 14 May 2015; National Strategy for Investment Attraction and Export Promotion for the years 2016-2020, approved by Government Decision no. 511 of 25 April 2016.

spreading to the entire economy. Thus, from the point of view of maintaining sectoral stability, it is important first to make the activity of evaluation of real estate, construction and financing more efficient, and it is only then possible to boost the activity of the real estate sector through other more effective instruments.

On the other hand, the public debt sector does not face currently any difficulty in attracting funding from outside or from inside of the country. The existence of an agreement with the IMF facilitates the country's financing at low external costs, and the presence of excess liquidity in the banking sector allows the financing to be secured internally. At the same time, against the backdrop of low credit demand, the state securities is an instrument for sterilizing liquidity in the banking sector, so that any stimulation of the investment process on the basis of external funds must be achieved only under an efficient and competitive mechanism, which would finally lead to reduction of the cost of financing the state¹⁶. In addition, according to the "Medium Term State Debt Management Programme"¹⁷, the level of state debt is already close to the upper limits and thus, any increase of this level will exceed the approved framework.

Chronology of small debates for a project with great implications

The legislative initiative for amending the legislation regulating the system of granting citizenship and the section relating to obtaining citizenship by investment was initiated on 1 December 2016. The authors of the draft law are four MPs from the faction of the Democratic Party (Andrian Candu, Sergiu Sirbu, Corneliu Panevici and Igor Vremea) and one from the faction of the Liberal Party - Roman Botan. At that time, the PDM and PL still formed a ruling coalition that had already broken down in the first half of 2017. Even if the investment activity of foreigners in the country's economy is concerned, the draft law was entirely devoted to the amendment of the Moldovan law on citizenship and other related legislative acts (*Law on the Regime of Foreigners in the Republic of Moldova*¹⁸ or the *Law on Investments in Entrepreneurial Activity*¹⁹), namely the facilitation of the procedure for granting citizenship to foreign persons carrying out an investment activity.

The adopted amendments legalized and institutionalized the possibility of acquiring the citizenship of the Republic of Moldova in exchange for money, the so-called citizenship by investment mechanism. Under these circumstances, citizenship may be granted at the request of a foreign citizen or stateless person who knows and complies with the provisions of the Constitution and who cumulatively fulfils the following conditions: 1) has a good economic and financial reputation; 2) does not present danger or risk to public order and state security; 3) contributes to the Public Investment Fund for Sustainable Development or performs and maintains, for a period of 60 months, investments in at least one of the strategic development areas. Subsequently, the Government has drafted and proposed for adoption the *Regulation on the rules for granting citizenship by investment*, a document that implements the mechanism of effective citizenship acquisition through investment. At the same time, the Regulation sets the so-called priority sectors (real estate sector and state securities), the minimum investment amount of EUR 250 thousand or the non-refundable contribution to the Public Investment Fund for Development of at least EUR 100 thousand.

Being overshadowed by the draft law on capital liberalization and tax incentives, the legislative process was fast and lasted less than two weeks. The debate on the draft law amending the Law on Citizenship was proposed for examination on 5 December, and the debates were initiated on 9 December 2016. Already on 13 December, the draft was adopted in the first reading and voted on 19 December in the second and final reading. The adopted law was promulgated on 21 December and published on 27 December²⁰, with legal effects in six months after adoption, i.e. starting with 27 June this year. Thus, we find that in just 13 working days (19 calendar days), while the whole society was focused on the capital liberalization initiative, the Parliament hastily adopted the draft law

¹⁶ Soluții pentru mobilizarea resurselor interne pentru proiecte infrastructurale și dezvoltarea țării: Piața VMS (Solutions to mobilize internal resources for infrastructure projects and country development: State Securities Market, Expert-Grup, 2017,

¹⁷ Government Decision no. 939 of 13.11.2014 on the approval of the "Medium Term State Debt Management (2015-2017)" Programme.

¹⁸ Law on the Regime of Foreigners in the Republic of Moldova, no. 200 of 16.07.2010;

¹⁹ Law on Investments in Entrepreneurial Activity;

²⁰ The legislative process on amending and completing the Law on Citizenship of 2010,

<http://parlament.md/ProcesulLegislativ/Proiectedeactelegislative/tabid/61/LegislativId/3504/language/ro-RO/Default.aspx>

on the amendment of an organic law aimed at simplifying the granting of citizenship to a certain category of foreigners.

Table 2. Chronology of the legislative process for amending the Law on Citizenship

Stages	Dates
Registration	1 December 2016
Examination	5 December 2016
Debate	9 December 2016
Adoption in the first reading	13 December 2016
Debate	16 December 2016
Adoption in the second reading	19 December 2016
Promulgation	21 December 2016
Published in the Official Monitor	27 December 2016
Legal effect	27 June 2017

Source: parlament.md

The Parliamentary Committees are obliged to organize public debates, hearings or other public consultation procedures to be reflected in the reports on the examined legislative acts. Based on the statements made by one of the authors of the draft law²¹, civil society experts or any other interested parties could have commented on the draft law when it was voted. However, given the speed of action and lack of dialogue on the subject, this has not been done, thus violating the procedure for consulting public documents. According to the Parliament's Regulation²², the concerned Parliamentary Committees, in this case the Legal Committee, Appointments and Immunities, and the Committee on the Economy, Budget and Finance (referred to below) must submit reports on the draft legislative act, which are expected to include also the results of the public consultations (Article 29 and Article 47 on the legislative procedure). Moreover, the provisions on the organization of public consultations (Article 49 (1)) explicitly set the responsibility of the permanent Parliamentary committees concerned to ensure public consultations with the participation of interested parties through public debates and hearings. Even if the Parliament Regulation gives the Committees the right to establish consultation procedures according to the nature of the draft law, in any case the Committees are obliged to organize public consultations. Subsequently, the Parliamentary Committees have to publish on the Parliament's webpage the synthesis of the recommendations collected during the consultations, only by this ensuring compliance with the legislation on decision-making transparency.

There is no clear evidence to prove that public consultations were held on the amendments to the Law on Citizenship. When examining the page of the legislative it appears that the Committees' reports on the outcome of public consultations are missing. This means that no public consultations were held or that the results of the consultations were not included in the committees' reports and were not published, respectively. Therefore, the legislature did not take the necessary measures to attract civil society to discussions on amending the Law on Citizenship and on facilitating procedures for foreigners who make certain investments. At the same time, although it is obvious that no public consultations were organized, in NAC's opinion the conditions for decision-making transparency were met, particularly because the project was published on the official page of the legislative.

Public consultations regarding the Regulation on the rules of granting citizenship by investment were shorter than those required under the law. In addition to the problems encountered in the public consultation on the draft law, deviations can also be observed in public consultations on the Government Decision on the Regulation. These took just 4 working days, although the law on decision-making transparency prescribes at least 10 days. Thus, this time also, some civil society views have not been presented, and the Regulation continues to contain a number of gaps. Accordingly, the Commission for the Evaluation of Citizenship Files may adopt decisions in a discretionary manner. On the one hand, the Regulation allows that decisions within the Commission

²¹ Interview of Radio Free Europe with Sergiu Sirbu, 11 August 2017, <https://www.europalibera.org/a/interviu-legea-cetateniei-sergiu-sirbu/28670855.html>

²² Parliament's Rules of Procedure, <http://www.parlament.md/CadrulLegal/RegulamentulParlamentului/tabid/154/language/ro-RO/Default.aspx>

to be adopted including by two institutions of three participating at a deliberative meeting. On the other hand, there is a risk that decisions are taken even if the representative of the President's Apparatus is not present, although the president has the exclusive prerogative of granting citizenship.

Conclusions

The amendment of the law on citizenship was made with significant deviations from the principles of decision-making transparency. There is no evidence of either public consultations held by the parliamentary committees or the possible results of such consultations. At the same time, the corruption assessment carried out by the NAC identified a number of shortcomings and risks of corruptibility both for the security of citizens and the security of the country. Although some of the NAC's recommendations were taken into account by the Parliament while adopting the final version of the law, the major concerns related to the excessive powers assigned to the Ministry of Economy, the short period for granting citizenship (30 days), the non-regulation of the Investment Fund and other issues were overlooked.

Both in the process of amending the law on citizenship and in the drafting of the Regulation on the rules for granting citizenship by investment, no assessment of the macroeconomic implications of such a programme was made. The strategic investment sectors mentioned in both documents are inconsistent with the country's economic development objectives and do not provide for any impediments to making investment in the absence of citizenship. In addition, the real estate and the state securities sectors are strongly connected to the country's banking and financial system, while the 2014-2015 crises has strongly undermined the resilience of commercial banks, which continue to face a number of difficulties at present. Respectively, the destabilization of some economic sectors through insufficiently evaluated programmes may generate significant risks to maintaining financial stability. In addition to the risks to the national economy, the mechanism of granting citizenship by investment contains multiple shortcomings and deviations from anti-corruption standards that may affect public order in the country, and may also lead to the suspension of the visa-free regime with the EU for all Moldovan citizens.

Based on the above, we find it inopportune to further promote the mechanism of granting citizenship by investment, at least in its current form. In addition, as long as there is no clear economic substantiation of the need to grant citizenship to potential foreign investors, we believe that the political environment should not launch programmes typical of tax havens, which ultimately support the fulfilment of narrow group interests and jeopardize the public interest (eventual suspension of the visa-free regime with the EU). Furthermore, our country obtained a visa-free regime with the EU for its citizens under the conditions and according to the situation existing at a specific point in time and, therefore, this right cannot be turned into a business for foreign citizens, even if they have a lot of money. Finally, we draw attention to the fact that the Republic of Moldova needs foreign investments in the real economy that would create jobs and develop the truly strategic sectors and would ultimately contribute to the long-term well-being of all its people.