2016 Annual Report
A year of accomplishment
Statement of the Prime Minister

Today the Economic Council is not only a platform in which its members have the possibility to discuss the problems they encounter. The Economic Council has become a key reform delivery tool. A number of issues that I have launched were explored by the Council and I am glad that they have found solutions within this platform.

The Republic of Moldova should become a state with absolutely predictable steps for the entire world. Businesses should know that clear rules are established and that these rules are not changed overnight. And above all is the rule of law, an independent and impartial judiciary system. The fight against corruption should be strengthened and needs to be brought to a successful end.

Investments, entrepreneurs, people that are doing business represent a very important component which catalyzes the development of the state. Thus, I would like to sincerely thank our development partners, EBRD, the UK Government’s Good Governance Fund, the World Bank Group, who have been a cornerstone for the Economic Council, its members and its three permanent groups. You have proved that it is possible, and I thank you for rebuilding confidence for Moldova through concrete victories.

My special attitude for the Economic Council is owed to its Secretariat which have been working really hard all this period and succeeded in making it the most effective platform and tool for economic reforms.

The Government is very open to initiatives and we will continue to be so, because this platform fills in the capacity gaps of the state institutions. Therefore, this platform is imperative while we are carrying out the central public administration reform. I would like to thank everyone who believes in the Economic Council and to encourage them to collaborate and achieve significant results further on.

Pavel Filip
Economic Council background

Mission

The Economic Council to the Prime Minister was established as an advisory body by the Government Decision No. 631 of 22.08.2011.

The Council was assigned the mission to facilitate the dialogue between the representatives of the business environment, donors’ community and policy makers so as to develop a favorable social-economic climate and non-discriminatory, transparent business environment, which would be attractive for investment.

In the nearest future, the mission of the Council will be extended. For the purpose of implementing the commitments undertaken by our country in the Protocol Amending the Marrakech Agreement Establishing the World Trade Organization (Agreement on Trade Facilitation) approved by Law No. 729 of 9 June 2016, the Council will be assigned the functions of the National Committee for Trade Facilitation. It will be authorized to discuss and develop solutions for external trade related problems of national importance, which refer simultaneously to a number of public authorities and needs a systematic approach.

Mandate

The Council was granted the following mandate:

- provision of expertise to the Government from the business community in drafting public policies in economic, budgetary, fiscal, trade areas, etc.;
- monitoring and evaluating the impact of public policies implementation;
- engagement of the private sector in developing public decisions in economic, budgetary, fiscal, trade areas, etc.

Instruments

The Council applies the following instruments:

- reviews Prime Minister’s requests, submitting him opinions and recommendations;
- participates in developing the Government’s vision regarding certain reform processes;
- submits recommendations related to public investment programs drafted by the ministries and other public authorities;
- initiates proposals for economic development policies, including improvements in such areas as monetary, credit, budgetary, fiscal, foreign and domestic trade, support for the real economy sector, infrastructure development, labor market, social protection, etc;
- reviews and proposes solutions for the most stringent economic and social problems.
Currently, the Council consists of 59 members appointed by the Prime Minister. The membership of the Council was established so as to respect the principle of balanced representativeness and efficient mediation. Thus, the opinions and initiatives of 23 associative structures of the business community versus 22 state institutions are debated with the participation of 14 representatives of the scientific and research community and international organizations, active in the area of regulatory reform.

In the nearest future, taking into account the existence of a number of participation requests from the business community and public authorities, the list of members will be extended.

**Members**

**Central Public Authorities**
1. State Chancellery
2. Ministry of Economy
3. Ministry of Finance
4. Ministry of Agriculture and Food Industry
5. Ministry of Regional Development and Constructions
6. Ministry of Health
7. Ministry of Justice
8. Ministry of Environment
9. Agency for Consumer Protection
10. Ministry of Labour, Family, and Social Protection
11. National Agency for Food Safety
12. National Social Insurance House
13. National Health Insurance Company
14. General State Fiscal Inspectorate
15. e-Government Center
16. Customs Service
17. Governor of ATU Gagauzia
18. Licensing Chamber
19. National Agency of Auto Transport
20. State Labor Inspectorate
21. State Ecological Inspectorate
22. Land Relations and Cadaster Agency

**Research Community**
1. Agency of Innovations and Technological Transfer
2. National Institute of Economic Research
3. IDIS „Viitorul”
4. Expert-Grup

**International organizations**
1. European Bank for Reconstruction and Development (EBRD)
2. Embassy of Sweden
3. International Finance Corporation (IFC)
4. World Bank
5. Project for Counselling the Government in the economic reform (GIZ)
6. US Agency for International Development (USAID)
7. United Nations Development Programme (UNDP)
8. EBRD Assistance for Small Business
9. Embassy of United Kingdom of Great Britain
10. European Union Delegation

**Associative structures of the business community**
1. European Business Association
2. Association of Businessmen from Moldova (AOAM)
3. Association of Foreign Investors
4. French-Moldovan Chamber of Commerce and Industry
5. Association of Banks from Moldova
6. National Association of Milk Producers
7. Union of Private Medical-Sanitary Institutions Association of Pharmaceuticals’ and Parapharmaceuticals’
8. Producer Employers’ Association in the Energy Sector of Moldova
9. Association of Women – Entrepreneurs from Moldova
10. National Confederation of Employers from Moldova
11. National Federation of Farmers in Moldova
12. Association of IT Companies in RM
13. Association of Businessmen’s Association “Timpul”
14. American Chamber of Commerce in Moldova
15. Employers’ Association of Light Industry
16. Employers’ Association of Transporters’ and Road Menders’ Union of Moldova
17. Chamber of Commerce and Industry of Moldova
18. Association of Accountants and Professional Auditors of Moldova
19. National Association of Bee Keepers from Moldova
20. Moldovan Union of Sugar Producers
21. Association of Wine-makers from ATU Gagauzia
22. Economic Council under the Governor of ATU Gagauzia
23. National Agency for Food Safety
24. National Social Insurance House
25. National Health Insurance Company
26. General State Fiscal Inspectorate
27. e-Government Center
28. Customs Service
29. Governor of ATU Gagauzia
30. Licensing Chamber
31. National Agency of Auto Transport
32. State Labor Inspectorate
33. State Ecological Inspectorate
34. Land Relations and Cadaster Agency
Working groups

The Council is led by the Prime Minister and it meets upon his initiative. The plenary meetings, in full compenience of the Council, are meant for organizing, planning, and reporting the activity of the Council. Additionally, the plenary meetings are used to discuss the most intricate problems which need Prime Ministers’ special attention.

The activity of the Council is based on freedom of expression and transparency in debates. For a more efficient performance, permanent thematic working groups and temporary (ad-hoc) working groups were created within the Council since 2016.

Every group is coordinated and led by a member of the working group elected via simple majority of votes.

All the permanent members of the Council are invited to attend the meetings of the working groups, and according to the practice of 2016, such meetings are mainly attended by the members whose activity refers to the topic debated in the meeting.

<table>
<thead>
<tr>
<th>Permanent Working Group No. 1</th>
<th>Permanent Working Group No. 2</th>
<th>Permanent Working Group No. 3</th>
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<tbody>
<tr>
<td>Eliminating constraints in entrepreneurial activity</td>
<td>Facilitation of trans-border trade</td>
<td>Stimulation and retention of private investments</td>
</tr>
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</table>

Covered areas: optimization of state controls, fiscal administration, issuance of permits, facilitation of domestic trade and other.

Group Coordinator: Mila Malairău (Executive Director, American Chamber of Commerce in Moldova).

Covered areas: optimization of Customs’ administration, facilitation of permits’ issuance for export, increasing competitiveness and quality of export-oriented products, harnessing DCFTA opportunities, and other.

Group Coordinator: Mariana Rufa (Executive Director, European Business Association in Moldova).

Covered areas: creation and optimization of incentives for investments, facilitation of access to financial resources, improvement of the regulatory framework for ensuring fair competition, development of human capital and vocational training according to the market needs, and other.

Group Coordinator: Elena Varta (Executive Director, Foreign Investors Association in Moldova).

Temporary (ad-hoc) Working Groups

1. **TOPIC**: Facilitating the access of Chinese tourists to Moldova – abolishing invitations when requesting short-stay visas.

2. **TOPIC**: Reducing the number of documents held by economic units in the area of labor relations, labor security and health, requested by the State Labor Inspectorate during controls.

3. **TOPIC**: Preventing the suspension of cement producers’ activity, as a result of the legislative provisions regarding the content of hexavalent chrome in humid cement.

4. **TOPIC**: Revision of proposals amending the legislation in the area of personal data protection.

5. **TOPIC**: Revision of Labor Code provisions to reduce the burden on business environment and increase labor market attractiveness.

6. **TOPIC**: Identification of solutions in the activity of entrepreneur patent holders and switching to a new taxation mechanism.
Secretariat

The Economic Council Secretariat is responsible for the organization of daily activities of the Council and its working groups. The Secretariat operates based on the Regulation of the Economic Council to the Prime Minister and starting from 2013 is supported by the European Bank for Reconstruction and Development, funded by the UK Government’s Good Governance Fund, and the World Bank Group project “Investment Climate Reform”, funded by the Swedish Government.

The Secretariat has the following tasks:

- provides support to the Council in analyzing problematic issues related to business environment in order to ensure well-reasoned decisions;
- formulates and submits proposals and recommendations to improve business environment and investment attractiveness;
- submits conclusions and recommendations to the Prime Minister and to the members of the Council;
- organizes the meetings of the Council and working groups, prepares and distributes meetings’ agenda, keeps the records and disseminates the results of the meetings to the Council members;
- supervises the processes of decisions implementation and results evaluation;
- ensures ongoing communication with mass-media, business community representatives, specialized associations, civil society, with respect to the activity of the Economic Council.

Secretariat team:

The team of the Secretariat is composed of experts from different areas, being led by the Head of the Secretariat. The members of the Secretariat are selected on an open competition basis by the European Bank for Reconstruction and Development and International Finance Corporation of the World Bank Group.
OUR TEAM

Ion Lupan, Head of Secretariat

Roman Laduș, economic consultant

Olga Melniciuc, economic consultant

Diana Levcenco, economic consultant

Sveatoslav Cazac, legal consultant

Cătălina Scorțescu, labor relations consultant

Marina Cojocaru, communication expert

Tatiana Pascal, administrative assistant
How we work

The Prime minister, representatives of the business community as well as any other member of the Economic Council can inform the Economic Council Secretariat about a problem that impedes smooth business development, and cannot be solved by the relevant state authority.

Once the problem reaches the Secretariat, the team starts to gather more information on the issue. Facts and data are collected and stakeholders are interviewed. The topic is then prepared for discussions either under a permanent working group (WG) or an ad-hoc one. An expert from the team is assigned to coordinate the process.

In due time, the EC members are announced about the planned meeting of the working group and its agenda. The members, those interested to participate, delegate their representatives. If needed, other experts, non EC members, can be invited too. During the meeting, opinions are discussed in an open and non-discriminatory manner. Following the WG, the meetings minutes, indicating the decision reached, are prepared. These are then disseminated to the EC members and, together with the press release are placed online for public access.

The EC Secretariat drafts a note for the Prime Minister informing about the context of the problem and presenting recommendations on the following steps.

Prime minister issues an official request to the state authority in charge of the issue discussed, asking to implement the proposed solutions in a well-defined period of time.

In order to support the responsible state institutions in solving the issue according to the PM’s request, the EC Secretariat provides on-demand support (i.e. co-drafting legislation, re-engineering procedures, etc.). The team continues to monitor further evolution and provides needed assistance until the problem is solved. The Secretariat PR expert informs wide public on the process and the results achieved.
Key milestones in 2016

- **MARCH**
  - The first meeting of the Economic Council chaired by the Prime Minister, Pavel Filip.

- **APRIL**
  - Establishing the membership of the Economic Council via Decree 49d (assigning 59 permanent members).
  - Launch of the Working Group “Eliminating constraints in entrepreneurial activity”.

- **JUNE**
  - Launch of the Working Group “Facilitation of transborder trade”.

- **JULY**
  - The second meeting of the Economic Council chaired by the Prime Minister.
  - Launch of the Working Group “Stimulation and retention of private investments”.

- **AUGUST**
  - Launch of the Working Group on revision of proposals for amending the legislation in the area of personal data protection.

- **SEPTEMBER**
  - Launch of the Working Group on facilitating the access of Chinese tourists to Moldova.
  - Launch of the Working Group on solving issues related to entrepreneurial patent holders’ activity.
  - Appointing the new Head of the Economic Council Secretariat.

- **OCTOBER**
  - Strengthening the Secretariat team with an expert in labor regulation.

- **NOVEMBER**
  - Meeting of the Secretariat with the development partners, chaired by the Prime Minister.
  - Relaunch of the profile of the Economic Council on social media networks.

- **DECEMBER**
Short statistics

- 23 press releases
- 50 recommendations to PM
- 4 urgent interventions
- 59 EC members
- 920 participants at meetings
- 1035 followers on Facebook
- 49 issues addressed
- 195 followers on Odnoklassniki
- 47 meetings organized
- 11 applicants for membership
Results

SIMPLIFICATION OF BUSINESS REPORTING AND ELIMINATION OF EMPLOYMENT RECORD BOOK

The EC Secretariat and the Ministry of Economy, supported by donors, drafted amendments to the legislation to consolidate reporting related to wages and state mandatory social and medical contributions. The initiative will reduce the number of reports from 5 to 1. As a result, the State Tax Inspectorate becomes the only authority responsible for receiving and processing the consolidated report related to wages. The proposed simplification eliminates overlapping of reported data, reduces the amount of data reported by cca 40% and eliminates the mandatory requirement to keep employment record book. This is going to reduce considerably the administrative costs for businesses and to improve the ranking of Moldova in Doing Business Paying Taxes indicator. Moreover, the proposed solution will enable better tax administration and will help Tax Service fight informal employment and "grey salaries". The draft was approved by the Government and submitted to the Parliament, where it has been discussed in eight committees by the end of 2016.

CONTRIBUTION TO STATE INSPECTION REFORM

The Ministry of Economy, with the assistance of IFC, is implementing the state inspection reform, which is supposed to reduce considerably the inspection burden on businesses and reduce the number of inspection bodies from 58 to 18. The set of amendments for the first stage of reform was consulted with the Economic Council before being submitted to the Government for approval. Business community and the Secretariat proposed 7 impactful amendments to the draft, the main being about additional principles for less invasive and less costly inspection and more transparency and predictability in setting inspection checklists. The amendments were accepted and approved by the Parliament - Law no. 230, dated 23.09.2016. The proposed amendments are going to contribute significantly to the transparency, accountability and predictability of the inspection requirements and reduce the burden on businesses and diminish corruption practices.
An important reason of initiating the inspection reform and moratorium of inspections, introduced by Law no. 18, dated 04.03.2016, was the alarming incidence of reports about harassment of businesses by economic police. Following the discussions with the business community on the platform of the Economic Council, the Secretariat drafted and proposed amendments to the Administrative Code, within the package of amendments related to inspection reforms, and promoted them in the Parliament. The package was adopted by the Parliament and abolished the powers of police to detect economic offenses, such as violating the rules of bookkeeping, completing and submitting financial reports, operation of cash register, making cash payments, storing and inventorying mandatory bookkeeping documents. These measures will significantly reduce the risks and costs for businesses.

At the request of the business community, the draft law on amending the Law on Electronic Communications, submitted for approval to the Government, was presented for discussions in the Working Group 1, as well as within two technical meetings with the participation of the representatives of the business community and relevant state institutions. Following the results of discussions, the Ministry of Information Technology and Communications amended the draft law, later approved by Government Decision no. 1036 of 12.09.2016, and submitted to the Parliament on 14.09.2016. Following the discussions, several important amendments to the draft law were made, including authorization and licensing of business activity. As a result, serious potential negative impacts on businesses were avoided.
ABOLISHING THE REQUIREMENT TO USE A CORPORATE SEAL

At the insistence of the members of the EC the draft amendment of legislation on abolishing the requirement to use a corporate seal, after being rejected by the Parliament, returned on EC’s agenda for improvements. In coordination with the EC Secretariat, the Ministry of Justice prepared a new draft, which was approved by the Government on 20.04.2016 and adopted by the Parliament. The law entered into force on 16.09.2016. Abolishment of the stamp simplifies the life of the entrepreneurs and, as result, reduces their expenses for running a business. The cost for getting the seals amounted to 30% of the cost of opening a company. This reform will have also a positive impact on Starting a Business Indicator within the World Bank Doing Business ranking.

TRAFFIC CONGESTIONS AT THE CROSS-BORDER POINTS WITH ROMANIA

The EC Secretariat was alerted by business associations about the malfunctioning process of customs control, which occurred during the crossing of Moldovan-Romanian border. Businesses had to wait between 24 and 48 hours at the border, which caused huge losses. The process of border inspection was not operational during the night. The Secretariat requested to include the issue on the Agenda of Bilateral Moldovan-Romanian Governmental Commission. The Customs Service of the Republic of Moldova signed a mutual Memorandum of understanding with its Romanian Peer to speed up and facilitate the crossing of the border.
PROMOTION OF THE AMENDMENTS TO LAW ON CREDIT HISTORY BUREAUS

The new amendments to the Law on Credit History Bureaus have been prepared since 2010 and three times were returned by the Government to the National Commission on Financial Markets, primarily because of the lack of consensus with the Ministry of Finance. The Secretariat organized a meeting within the EC working group to discuss the issue and recommended solutions, which helped in promoting the law. The draft law was approved by the Government Decision no.1169 and submitted to the Parliament. The amendments included important improvements to the regulatory environment of the Credit History Bureaus. The implementation of the law will contribute to a better financial regulation in Moldova.

SOLUTIONS FOR POLISH CREDIT

The Polish Credit Instrument was reviewed by the Government, aiming to reform and improve the credit rules and conditions. 100 million Euro have not been absorbed during the past 2 years. The Secretariat was asked by the business associations to analyze the operational conditions related to the program. There were presented proposals to the Prime Minister on a new mechanism for the Program and for reaching the new agreement to enable better absorption of funds.
Ministry of Internal Affairs (MIA) was reluctant to support the initiative on liberalizing requirements on entry and residence for IT specialists from abroad, previously proposed by the Parliament. The EC Secretariat identified, reported and mediated the situation and succeeded to agree with the Bureau on Migration and Asylum, the MIA and the Ministry of Information Technology and Communications to draft a mutually accepted version of the Government opinion to submit to the Parliament.

Recently adopted amendments on air protection law included new standards on chrome limits in cement production. These amendments were not preceded by a regulatory impact assessment and not discussed with the cement producers. The author of amendments failed to appreciate the impact of the amendments and the risk of non-conformity, which, as reported by producers, could have caused the unbearable costs, resulting in blocking of cement production. Due to Secretariat’s intervention, the new amendments were prepared to allow for a transition period in implementing chrome limits in cement. The draft amendments to the law were approved by the Government on 07.12.16 and submitted to the Parliament.

The entrepreneurial patents were supposed to become void in retail trade starting with January 1, 2017, as it is considered as a major source of shadow economy. There were about 16000 patent holders in retail trade. Representatives of the patent holders were protesting on the streets and requesting extension of the validity deadline. The Government offered the patent holders to register as sole entrepreneurs subject to simplified tax and reporting regime. However, the patent holders considered that registration and requirement to use cash registers would increase the regulatory burden and risks related to regulation to an unacceptable extent. The Prime Minister requested the EC to explore the issue and identify appropriate solutions. Following the meetings with patent holders on the EC platform, the consensus was reached: a two years extension for existing patent holders to operate under the patents in places authorized by local authorities. By the end of this period they will have to register as sole entrepreneurs. The Government approved the amendments on December 5th, and the Parliament adopted them on December 16th.
There was an overlap in permissive acts issued by National Food Safety Agency and the Phytosanitary Laboratory of the Center for Quarantine, Identification, Arbitrage and products Disinfection, for import/export/transit of agricultural products of plant origin. To solve this, discussions in the EC platform with numerous public and private stakeholders took place. Following the involvement of the Secretariat, the Ministry of Agriculture and NFSA agreed on amending the law no. 228/2010 on plant protection and phytosanitary quarantine, in order to eliminate the quarantine expertise certificate. The amendments were adopted by the Parliament on July 22, 2016. They contributed to facilitation of the crossborder trade of agricultural products of plant origin.

The drafted amendments to the legislation on Personal Data Protection, which set high sanctions for businesses (up to 5 million MDL) and a number of additional regulatory requirements, could have had significant unintended impacts on business activity. The business community alerted the EC about the draft legislation submitted to the Parliament and the need to revise and consult it with major stakeholders. Following negotiations and debates on the legislative amendments, the EC convinced the Government to recall the law from the Parliament, for further consultations with the business community on the platform of EC.
Topics to be finalized in 2017

DEVELOPMENT OF THE “FIRST HOUSE” PROGRAM CONCEPT

The “First House” program is designed to facilitate the access of individuals to the procurement of an apartment by means of a mortgage loan, secured by the state, in the amount of 30% of its value. The concept of the program was developed by the Ministry of Economy. As there was no consensus between the banks and the state institutions, the Prime Minister asked the Economic Council to get involved and develop a final concept taking into account the views of stakeholders. The Secretariat organized several meetings during the year with various stakeholders to discuss and improve the Concept. The final meeting was organized by the Secretariat with the Prime Minister and representatives of the Ministry of Economy, Ministry of Finance, Ministry of Justice, Ministry of Labor, Social Protection and Family, National Bank of Moldova, Fiscal Inspectorate and PM’s counsellors, who highly appreciated the Concept. The Secretariat developed and presented to the Ministry of Finance the final draft of the Concept for further promotion and development of the legal framework necessary for its implementation. 15 million MDL were already budgeted for the implementation of the program in 2017.

IMPROVING THE POSITION OF MOLDOVA IN THE DOING BUSINESS RANKING

Based on previous analysis on improving Doing Business indicators and given the undue reflection of the already implemented reforms in the ranking, the Secretariat identified a significant potential for the advancement of Moldova’s position in the Doing Business ranking. Following the Prime Minister’s request, the Secretariat launched an initiative on improving the position of Moldova in Doing Business ranking with the support of development partners and other stakeholders. Each indicator will be discussed with public authorities responsible for the relevant areas, respondents of the Doing Business report and the business community. The assistance will be sought from the Doing Business advisory team to identify opportunities for reforms based on international best practices. In 2016, the Secretariat organized meetings with stakeholders dedicated to the following Doing Business Indicators: Starting a Business, Resolving Insolvency, and Paying Taxes. Additionally, the EC requested the support of GIZ for a detailed study on dealing with construction permits. According to Doing Business 2017, Moldova holds the 165th position out of 190 on Dealing with Construction Permits. It will recommend amendments to regulatory framework to advance the position in this domain.
In order to improve the relation between the public authorities and the business community, impose discipline and higher accountability on civil servants, the Secretariat of the Economic Council developed a concept amending the legislative framework relating to the practical application of the “silence is consent” principle in getting permits. This concept was consulted at the meetings of the working groups of the Economic Council and opinions and proposals were collected from public authorities and business associations, members of the Council. In discussions with the Ministry of Economy, it was decided to integrate the draft proposal into the set of amendments developed by the Ministry to reform the legislation related to permits. The set of amendments will be submitted for official consultation with stakeholders in the beginning of 2017. After being adopted, the “silence is consent” solution is going to considerably improve the discipline in agencies that issue permits and will reduce risks and costs for business compliance.

TARIM is a database containing tariffs and economic policy measures applicable to goods imported to/exported from the Republic of Moldova. With the publication of amendments to the Law on approving the Combined Nomenclature of Goods, TARIM became a legally binding instrument. Application of TARIM will reduce the risk of an erroneous or subjective interpretation of the legislation by customs officers, businesses and customs brokers; will foster and ensure predictability and transparency in the clearance process. The interdepartmental commission, to be approved by the Government of the Republic of Moldova and coordinated by the Customs Service, will become a new tool for TARIM application. The Customs Service, with the support of the Secretariat drafted the Regulation on Commission activity. Due to this intervention, the business community representatives were included as participants to the TARIM Commission. The draft Regulation shall be sent forward to the Government at the beginning of 2017.
REDUCING THE INFORMAL EMPLOYMENT AND “GREY SALARIES”

It is well known that many businesses in Moldova pay wages informally, fully or partially, avoiding taxes, state contributions and compliance with the regulations. Studies suggest that this issue is caused primarily by high tax and social contribution rates, overregulation of business activity, reduced capacity of the public sector to identify and sanction this phenomenon, as well as corruption practices. As a result of this, employees are exposed to high risks, the government is losing revenues and the businesses are facing unfair competition.

This issue was brought to discussion during the meetings of the working groups of the Economic Council. The Secretariat reviewed 11 studies and reports produced in Moldova and other countries related to the measures to reduce informal employment and “envelope wages” and developed a position paper on the issue. There were organized several meetings with the Prime Minister and representatives of the Ministry of Economy, Ministry of Finance, Ministry of Justice, Ministry of Labor, Social Protection and Family, National Bank of Moldova, State Fiscal Inspectorate and PM’s counsellors to discuss the issue and potential solutions. It was decided to set up a dedicated working group within the EC to develop an action plan and assess the impacts of proposed actions. The working group is going to be established at the beginning of 2017.

The Secretariat requested assistance from IFC to revise and amend the Administrative and Penal codes, which are the sources of main risks and burdens for businesses. Following the request, IFC hired two experts to develop amendments to the codes within the package of amendments related to the institutional reform of inspection bodies. The amendments to the Administrative and Penal codes will be developed primarily to clearly distribute the responsibilities of detecting economic offenses, as currently there are overlaps among agencies; clearly define offenses and keep those reasonable; review the sanctions related to economic offenses proportionate to gravity of offence; operate other changes aimed at reducing the burden on entrepreneurial activity. The draft amendments will be finalized and submitted for official consultation at the beginning of 2017.
Trade facilitation, access and exposure to international markets are among the key priorities of the Moldovan Government. Therefore, trade facilitation policies are taking a central role in the country’s development strategies aiming to integrate into the global economy as an equal and competitive trade partner. Based on Law on Moldova’s accession to the World Trade Organization, the Government should establish the National Trade Facilitation Committee. The Prime Minister, the Ministry of Economy and the Customs Service agreed that the functions of the National Trade Facilitation Committee shall be assigned to the Economic Council. As such, the Regulation on functioning of the Economic Council was amended, by enlarging its mandate to discuss and elaborate solutions on trade related issues that are of national importance and that concern public authorities and business community. The experience of the Republic of Moldova in institutionalizing the National Trade Facilitation Committee within the EC was recognized as a success story during the Regional Conference on Trade Facilitation on December 5 and 6, 2016, Kiev, organized by the World Bank Group’s Investment Climate Reform projects of Ukraine, Moldova and Belarus, supported by the Governments of Switzerland and Sweden.

The Government recognizes the importance of foreign and local investments for economic development of Moldova. Among the number of issues that hinder investment attraction, the burdensome procedure of employing foreign nationals in private companies is one that was reported by the business community within the third Working Group of the EC. Business representatives raised several issues in this regard, including the time limit for the issuance of permits, which exceeds two months, burdensome requirements for the dossiers filed, unsatisfactory activity of the one stop shop, complexity of the procedure for extending the residence permit, etc. Currently, the Secretariat together with the Bureau of Migration and Asylum, Ministry Labor, Social Protection and Family, National Employment Agency and experts from the business community, are working on streamlining the procedure of getting work and resident permits for foreign citizens. In the beginning of 2017, the members of the Working Group will identify and propose solutions for solving this challenge.
STREAMLINING THE MANDATORY DOCUMENTS CHECKED BY LABOR INSPECTION

After being alarmed by the business community about the extensive and untransparent number of documents requested by labor inspectors, the Prime Minister demanded the Secretariat to create an ad-hoc Working Group led by the Ministry of Labor, Social Protection and Family, aiming to reduce the number of mandatory documents. Together with the business community and trade unions the number of mandatory documents in the area of labor relationship, safety and health were identified, revised and a number of them were agreed to be eliminated. As a result, the Ministry performed its first inventory of all the documents mandatory for legal entities and proposed a complete list of acts that are requested by the State Labor Inspectorate during controls. The ad-hoc Working Group established to revise the Labor Code, will continue to shorten further the number of mandatory documents.

REVISING THE LABOR CODE

Following complains of businesses on burdensome provisions of the Labor Code, the Prime-minister requested the creation of an ad-hoc Working Group in the Economic Council, aimed at making the labor legislation more flexible and reduce the compliance costs for businesses and boost business activity and employment. Proposals for the amendments to the Labor Code were collected from business associations and were discussed at several meetings with a wider range of stakeholders. The Working Group is planning to finish its work and present the final version of the draft law on amendments of Labor code by the end of February 2017.
Due to the EC intervention the promotion of the draft amendments to Penal Procedure Code and Law on Inspections (that grants powers to inspection bodies to detect offenses subject to Penal Code) were blocked. A working group will be established to improve amendments and decide on further actions.

The Secretariat in cooperation with stakeholders is exploring solutions to streamline the procedures of honey export to the EU market, which were reported as cumbersome and not accessible even being clearly reflected in the law.

Despite the fact that Chinese tourists are among the most active spenders all over the world (reaching 292 billion USD), Moldova fails to benefit from this opportunity. It is due to the burdensome procedure of getting visas for Chinese citizens, requiring both the invitation and the visa. The EC launched proposals on simplification of the procedure by eliminating the need to get the invitation.

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The EC started to work on identifying solutions to reduce the impact of the Waste Management Law, which proposed a new methodology on application of the pollution tax. The generated solutions will be proposed for the 2018 fiscal policy.
Our plans for 2017

MORE RESULTS:

• by fast reaction of the Secretariat to the notifications of the business community by analyzing their problems and prompt development of effective solutions to overcome the impediments reported;

• by identification, upon its own initiative, of solutions for overcoming systemic problems. In this respect, at the beginning of 2017, two Working Groups will be launched: (1) Working Group No. 4 which will identify solutions for reducing informal employment and the phenomenon of “grey salaries”; (2) Working Group No. 5 responsible for finding solutions to contribute to improving Moldova’s position in international economic rankings.

• by extending the competences of the Economic Council undertaking the responsibilities of the National Committee for Trade Facilitation.

• by enhancing the capacities of the Economic Council and Secretariat team through:
  a) widening the list of the EC members, upon their request;
  b) strengthening the capacity of the Secretariat team with new consultants;
  c) signing memorandums of collaboration with development partners: WBG (IFC), UNDP, GIZ, PwC Moldova, and others.

MORE TRANSPARENCY AND AWARENESS:

• by developing a Communication Strategy in order to enhance awareness about the EC activity;

• by redesigning the EC web-site to become the main source of information for target groups and general public;

• by online publishing the operational EC agenda, making it possible for everyone to be informed on the daily work of the EC, its working groups and the Secretariat;

• by disseminating the meeting minutes to EC members for proper information;

• by distributing a quarterly information bulletin to the stakeholders.
What our partners say about us

"We believe the Economic Council is the important forum for discussing private sector development challenges, constraints and opportunities in Moldova. We are glad to see personal commitment of the Prime Minister to the work of the Economic Council and to fostering the dialogue with various stakeholders, including business associations which have first hand information on firms-level and sectoral dynamics in Moldova."

Dimitri GVINDADZE,
EBRD Head in Moldova

"A sound business environment is vital for private sector development. Regular and open dialogue between the private sector and the authorities is essential. The Secretariat has a crucial role here, acting as a bridge between state institutions and business. The Working Groups allow the concerns and the voice of business to be heard. I hope that the work of the Secretariat and the recommendations provided to improve the business environment will be reflected in legislative changes to ensure irreversible, concrete and tangible improvements in the investment climate and economic governance and with it, improvements in the economy and the economic well-being of the Republic of Moldova and its citizens."

H.E. Lucy JOYCE,
UK Ambassador in RM

"I would like to mention the atmosphere in the Economic Council has changed a lot. Beforehand the business community was coming here with complaints while the public institutions were saying that everything was perfect. But now, based on what I have heard from the representatives of the private sector, we can see that there is a switch to an atmosphere of collaboration. Of course opinions frequently differ, but there is already some communication and collaboration. It goes without saying that this Council is a very important Platform, where employers, those who are needed to offer jobs and salaries, can tell the State what they need to succeed. That is why I really hope that this Platform will remain very effective and the World Bank Group is glad to support the activity of the Economic Council Secretariat."

Alex KREMER,
Country Manager, World Bank Group

"The Economic Council to the Prime Minister of the Republic of Moldova and its Secretariat represent a high level public-private dialogue platform in the country. This is a place where the voice of the private sector is heard and listened to by the Government, a place where business community is able to mobilize, and a strong tool to influence governmental decisions and policies."

Lily BEGIASHVILI,
Project Manager
Moldova Investment Climate Reform Project
Senior Private Sector Specialist, World Bank Group
“The Economic Council to the Prime Minister within a very short period of time has succeeded to tackle a very big number of complex problems encountered by the business environment in the Republic of Moldova. Moreover, the existence of the Council has resolved the issue related to establishing an adequate platform for dialogue, responsible for identifying the best solutions for the emerged problems, which need the involvement of various stakeholders.”

Iuri CICIBABA, Deputy Minister of Finance

“In 2016 MiLab collaborated with the Economic Council to the Prime Minister on simplifying the procedures for honey export. Human-centered design, which is an innovative methodology, was applied to identify the problems and their root causes, and propose home grown solution. The Government and the businesses worked together, shared insights and co-created a revamped and redesigned service. The Economic Council proved to be a resourceful, committed and engaged partner in using alternative tools for service development and improvement of business regulations in Moldova.”

Dafina GERCHEVA, UN Resident Coordinator
UNDP Resident Representative

“The National Confederation of Employers of Moldova participated in the works of the Economic Council Platform to the Prime Minister, since its establishment. It should be mentioned that the existing format is the most efficient for promoting the interests of the business environment, in particular, as well as of the economic objectives, in general.”

Leonid CERESCU, President of the NCEM

“The Association of Businessmen in Moldova is fully supporting the activity of the Economic Council to the Prime Minister of the Republic of Moldova. We highly appreciate the efforts it has undertaken over the last year to support local entrepreneurship and improve business environment in our country. The Association is honored to be part of this process and will further on support all the good initiatives, which will contribute to the development of the private sector in the Republic of Moldova.”

Andrei CRIGAN, Director General AOAM

“The Economic Council is the platform that the business environment of Moldova stringently needs. It is namely this Council that allows us, small, medium and big entrepreneurs to sit at the same table of dialogue with the decision makers, to debate the problems we encounter and to reach together sustainable solutions. It is imperative to maintain and harness this Platform in future as well.”

Alina MÎȚU, executive director
Association of Women Entrepreneurs in Moldova (AFAM)
In 2016 EBA Moldova succeeded to promote a number of legislative initiatives within the platform of the Economic Council to the Prime Minister. Having a constructive approach, the Economic Council succeeded to promote a number of initiatives which have reduced the burden of the business community in such areas as controls and inspections, number of permits, Labor Code, etc. We rely on openness and advance of these reforms in 2017, so as to ensure a prosperous and enabling business environment, as well as promotion of the Moldova’s image for foreign investments.

Mariana RUFA, Executive Director EBA

The aspects related to modernization of Customs procedures are more frequently placed on the agenda of the Economic Council, and this platform of communication provides a very good opportunity for informing business environment about the initiated reforms in the area of Customs’ administration. I would like to welcome the decision to create a specialized working group within the Council. I am firmly convinced that the activity of the Council will further contribute to promoting the best practices in Customs’ administration, which the Customs Service develops in collaboration with other public authorities and business community.

Vitalie VRABIE, General Director of Customs’ Service

The Economic Council is an important platform for an efficient dialog between the business community and policy makers in order to create a favorable business environment in Moldova. We enjoy our excellent cooperation with the Council that entails tangible results in short timeframes.

Ronny BECHMANN, Economic Policy Advice to the Moldovan Government, GIZ Moldova

Project Manager

I consider absolutely beneficial the activity of the Economic Council for entrepreneurs in the Republic of Moldova. Over the last year, this platform succeeded to debate a number of topics related to facilitation of small and medium business development. We have promoted together the simplification of honey export procedure. I am optimistic in relation to the expected results.

Stefan CONDRATIUC, President of the National Association of Bee-Keepers in RM
We are grateful for the individuals and organizations whose understanding and support make our work possible.

Get in touch

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Consiliul Economic pe lângă Prim-ministrul RM

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