

Quarterly

Info Bulletin

Number of members of the Economic Council has increased



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July 2018



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The Economic Council to the Prime Minister is a platform that provides easier communication between the state and business environment. On this platform the NGO sector can alert about the systemic problems they face. Among the most significant reforms promoted with EC support and expertise are the reforms of permissive documents which, according to the World Bank, has brought savings worth 12 million dollars to the business, reducing the number of bodies with control functions and facilitating the process of issuing work and residence permits for foreign investors.



Economic Council is composed now from 41 business associations, 6 representatives of civil society, 10 representatives of international organizations active in the area of business environment reforms and 43 representatives of public authorities and institutions.

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Thus, the number of members of the Economic Council has increased from 71 last year to 100, and compared to 2016 the number of EC members virtually doubled - from 59 to 100 today.

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Most applications for Council membership came from business associations.

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Permissive documents reform has saved Moldovan business 12 million USD annually



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This is the conclusion of the experts from the International Financial Corporation of the World Bank Group.

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Until the reform, representatives of the business environment were spending excessively in order to receive 416 permissive documents. Currently, the list of permissive documents approved by the Parliament contains only 152 permissive documents and is divided into three components: licenses, authorizations and certificates. Additionally, a number of new principles limiting the possibility for abuse by bodies issuing permissive acts has been approved, excludes the right of authorities to reject, without any reason, the application to obtain the permissive document, filed by the economic operator.

At the same time, additional sanctions have been introduced for officials who are abusing their position.

The reform of permissive documents has been carried out at the initiative of the Economic Council and was strongly supported by Prime Minister Pavel Filip, with the participation of the Ministry of Economy and Infrastructure and with the support of experts from the International Financial Corporation of the World Bank Group.



Lower penalties for businesses which are supplying healthcare products

The size of penalties applied for the delay or refusal to deliver goods by the Companies participating in the public procurement for the health system was changed.

A decision on this was taken by the Government on 8 June 2018. Until currently, a penalty of 50% from the cost of the lot was applied on the business for the non-delivery of goods. If the delivery were delayed, the fine was 1% for each day of delay. Now, according to the model contract, the penalty for the first 30 calendar days of delay is 0.1% of the amount of non delivered goods for each day of delay. For the following days of delay exceeding a

30-day period, the penalty shall be 0.5% of the amount of non delivered goods for each day of delay but no more than 30% of the amount of non delivered goods for the entire period of delay. This issue came to attention of the Government after the business community alerted the issue to the Economic Council platform. Business representatives argued that such a large amount of state-imposed penalties could lead to higher prices for products delivered to the

healthcare system and a reduction in the number of businesses willing to make purchases for medical institutions. The Government's decision is in this respect a compromise reached within the platform of the Economic Council between the companies participating in the procurement and the state institutions. The aim is to avoid endangering the activity of the health care system in Moldova.

Re-launching debates



Mobile operators call for a reduction of the fee paid in to the National Fund for Population Support. The subject of the so-called luxury tax was reopened. This is paid by mobile operators into the National Fund for Population Support and represents 2.5%. According to mobile operators, this tax is no longer relevant. The tax was introduced in 2000 and was charged as a fee for luxury services. Today, mobile telephony is no longer a luxury, and economic agents demand cancellation of this fee. According to the Ministry of Finance, 90 percent of the Fund's sources, which make up about 80 million lei, are covered by this 2.5% tax. Participants in the debates came with a request to the Ministry of Finance to look for an alternative solution to the National Fund for Population Support.

The subject is tackled by the Economic Council at the indication of the Prime Minister after being alerted by the business environment.



Networking lunch



Members of the Association of Foreign Investors in discussion with experts from the Secretariat of the Economic Council. The results of the Economic Council's work makes this business platform more interesting. On June 13, 2018, members of the Foreign Investors Association (FIA) requested a meeting with experts from the Economic Council Secretariat to the Prime Minister of the Republic of Moldova in the format of a networking lunch. The most valuable experience of this platform, according to the President of the FIA, Dr. Alexander Koss, is the relationship that the Economic Council built with the business community - the associative sector. This has made it easier to promote more issues about which AIF members have alerted. There remain sensitive issues on the agenda and solutions to them are expected by the business environment. In turn, the experts of the Economic Council Secretariat welcomed the FIA's initiative to organize such discussions in which several aspects of the Council's work could be addressed and explained.



Water for irrigation – a sticking point between the owners of water basins and farmers

Farmers are sounding the alarm bells. They say they cannot agree with water basin owners to provide access to water for the irrigation of farmland.

On the other hand, those who manage the lakes claim that they do not have a normative basis that would clearly state who has the right to take water from the basins they manage.

Farmers are in a deadlock because although the legislation currently provides for the possibility of obtaining an authorization to use water from a private (public or private) water pool, the farmer cannot obtain it because it can not col-

lect all required documents. The issue came to the attention of the Economic Council. During the debates, businesses from agriculture, environmentalists and representatives of state institutions discussed the proposal of the Ministry of Regional Development and Environment.

During the meeting, the experts present at the event came up with the proposal to amend the normative framework to clarify the terms for irrigation from the wa-

ter basins. The business environment has asked for the approval of all changes in a shorter time so as not to affect the agricultural activity this year. As a result, the EC Secretariat collected all proposals on the subject and forwarded them to the Ministry of Regional Development and Environment which included them in a draft amendments to the legislation. The document was adopted by Parliament in the first reading.



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