

InfoBulletin

Economic Council to the Prime Minister of the RM



COVID Matrix. First outcomes.

The Secretariat of the Economic Council to the Prime Minister has completed the first set of proposals containing solutions for the recovery of sectors of the national economy affected by the COVID-19 pandemic. During July and August 2020, the Secretariat's experts held discussions with representatives of 20 economic sectors with the help of which they collected data on the extent of losses incurred by the businesses, as well as the resilience of sectors to the effects of the pandemic.

At the same time, a number of measures have been developed that would allow the implementation of economic recovery solutions. The COVID Matrix developed within the study on the impact of COVID-19 pandemic on economic sectors was discussed on August 24, 2020 during a meeting with Oleg Tofilat, Prime Minister's advisor and representatives of the State Chancellery. Discussions with business community during the research showed that in order for the sectors of the economy to adapt to new economic conditions, the state must take a number of urgent measures. These include the implementation of an Economy Digitisation Roadmap; improvement and adoption of the draft Urban Planning and Construction Code;

removal of constraints from construction legislation; signing of new international free trade agreements; implementation of quality requirements for the export of agri-food products; standardization of VAT in agriculture and e-commerce incentives, etc. All these measures will also have an implementation solution. Experts are working on drafting necessary legislative and regulatory amendments that will be discussed with the authorities within the Economic Council platform, after which it will be decided which of the measures will be implemented. In September the results of the study have been submitted for public debate. The COVID Matrix is developed as part of the Impact Study of COVID-19 pandemic on eco-

nomical sectors carried out by the Secretariat of the Economic Council in conjunction with the Ministry of Economy and Infrastructure with the support of the European Bank for Reconstruction and Development and the UK Government Fund for Good Governance and International Finance Corporation. Findings from the Study will be taken into account in developing the post-COVID State Plan on which the MEI works. With the support of EBRD, a page on COVID has been launched on the website of the Economic Council. The page contains information about the results of the study, information about discussions with representatives of economic sectors and news about developments related to the preparation of the Study.

E-ECONOMY ROADMAP

On June 27, 2020 the Minister of Economy and Infrastructure signed the roadmap to boost the process of digitisation of national economy and development of e-commerce. The document, which contains 37 actions, launched within the platform of the Economic Council, contains topics collected from business associations. The debate on solutions to these problems takes place within the ad-hoc Working Group "Digitisation of economy" of the Economic Council, coordinated by the Association of private ICT companies of the Republic of Moldova. The e-Economy roadmap targets the main systemic constraints faced by the business community in the process of G2B, B2B and B2C interaction. The document contains topics that require a quick approach and immediate resolution, which would help the business community overcome the consequences of Covid-19 pandemic more easily. In August, discussions began in the new working group "Digitisation of the economy". Topics discussed include: ... continued on page 2

Electronic signature and remote identification

Business community, and representatives of state institutions, are considering, in the context of the Economic Council the constraints and the development of a set of measures aimed at ensuring the unconditional acceptance of it by public authorities, legal persons under public law and private individuals, documents, and electronic signatures. Today, economic entities and individuals, although they have the right, according to the law on electronic signature and electronic document, to stop coming physically to state institutions to pick up or present requested documents on paper, this nevertheless takes place.

Unconditional acceptance of electronic documents and signatures is extremely important in the context of challenges posed by the pandemic, say of business community representatives. Another topic addressed, is the implementation of procedures for remote identification of people even without a qualified advanced signature. This would greatly help people who do not have signatures, but need certain essential services, such as requesting documents from the state, opening bank accounts, gaining access to telephone services. In the same vein, the platform examines the need to launch unilateral recognition EU electronic signature in Moldova.

According to experts, this would make it possible to exploit an enormous potential to attract investment from EU to Moldova and reduce the constraints of foreign investors already operating in Moldova.

Notification as a personal data operator

The business community calls for the exclusion of the obligation to notify as a personal data operator. Any enterprise that processes personal data in an automated or manual record-keeping system needs such notification. These data refer to information about the consumer, the employee, his salary, data about the residence, etc. The range of personal data is so wide that Moldovan companies find it very difficult to meet all the requirements imposed by the National Center for the Protection of Personal Data (CNPDCP) to obtain the status of personal data operator.

Some entrepreneurs say that the notification can also take up to 7 months. Thus, it has reached the point where for 8 years, since the Law on the protection of personal data is in force, only 3000 companies out of 240 thousand have passed the notification procedure as the operator of personal data. It should be noted that if the company operates with personal data and is not notified to the CNPDCP, it violates the law. According to experts, a solution to this problem would be to amend the provisions that make it difficult for entrepreneurs to obtain the notification of personal data operator from the CNPDCP. Proposals for this solution are yet discussed with the authorities.

Opening, winding-up and amendment of documents setting up remote businesses

The business community points out that offering remote services for opening, winding up and amending the acts of incorporation is now more current than ever. This is because the pandemic has imposed restrictions and impediments in the process of interaction of state institutions with consumers of services, sometimes entrepreneurs are stuck abroad or are quarantined.

Thus the processes related to business opening and related ones become more complicated today. In turn, representatives of state institutions, say that remote interaction of G2B relations on this topic is under way. Materials are being prepared to initiate the development of IT solutions for business registration automation.

However, but given that the process will take time, participants in the discussions agreed to explore a quick intermediate solution, namely the use of electronic mail and electronic signature in the process of submitting documents and obtaining decisions in this area.

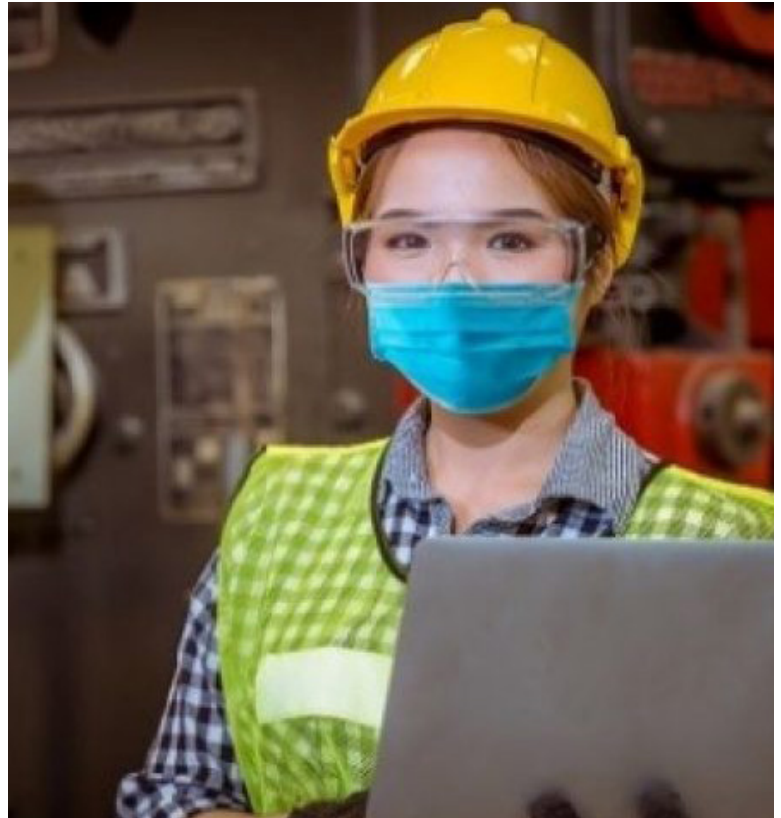
This solution does not put an extra burden on state institutions, and would allow for the rapid resolution of the pressing problems of the business community.

At what stage is the completion of the e-Economy roadmap?

The steps to solve the 37 items on the roadmap to boost the process of digitisation of the national economy and the development of e-commerce can be tracked in real time. Visitors to the online document will know the steps taken by state institutions, national and international experts in the process of drafting proposals to solve the problems raised by business during the digitization of the economy. The document can be accessed on the homepage of the portal www.consecon.gov.md through the eEconomy [button.http://www.consecon.gov.md](http://www.consecon.gov.md)

The development of the eEconomy page was possible with the support of the Association of private ICT companies from the Republic of Moldova.





Procedures for hiring workers from other countries more efficient

The government approved a law on September 23, 2020, to streamline the migration processes of foreigners who come to our country for work. Currently, the granting of the right of residence for the purpose of work in the Republic of Moldova is conditioned by the requirement to pay an average salary per economy.

The government proposes to cancel the provision, because it conditions the employment of a foreigner with a higher salary than for a native for the same type of activity and disadvantages the domestic labor force. According to the wage law, an employer from the real sector of the economy is obliged to pay a Moldovan worker at least a guaranteed minimum wage, which today amounts to 2775 lei. While to a foreigner, the employer should pay an average salary per economy, the size of which today amounts to 7953 lei. This provision is a constraint on investments in our country, the authors of the draft argue.

Changes proposed by the government were consulted with the Moldovan business community including the members of the Economic Council, which discussed the legislative changes. Members of the platform came up with an evaluation of the draft law, which was taken into account in the process of drafting the final document approved by the Government. For the draft law to enter into force it must be voted in Parliament.

Insolvency during the crisis

The COVID pandemic has changed the economic model around the world. Many companies, affected by the consequences of restrictions imposed, are rethinking the way they build their business to preserve assets, employees and customers. This very arduous process can cause long-term default for some companies. And default is the path to insolvency, or in other words bankruptcy. Insolvency is a process by which the court, after a period of observation of the debtor, finds the inability to pay or over-indebtedness of the company. In these circumstances the court resorts to one of three actions: file insolvency proceedings, accelerated restructuring proceedings or bankruptcy of the company that went into default. In the period of crisis this phenomenon – insolvency, is extremely dangerous, international experts believe. This could lead, in the first place, to the closure of a large number of companies around the world and massive layoffs of staff. The European Bank for Reconstruction and Development (EBRD), through the legal transition programme, started in September to assess the legislative gaps in the area insolvency in 38 countries where it carries out its projects. The aim of the exercise is to identify gaps in national insolvency laws, and the conclusions will be a functional tool for governments in the process of re-evaluating laws.

The Secretariat of the Economic Council to the Prime Minister is one of EBRD partners in carrying out the assessment of legislative gaps in the field of insolvency in Moldova. Secretariat experts have informed the EBRD legal transition programme team about existing norms in the national legislation on insolvency. At the same time, the Economic Council, as the largest platform for Public-Private Dialogue in Moldova, supported the dissemination of the EBRD Evaluation Survey.

Business demands the state to accelerate the implementation of the Action Plan of the Free Trade Agreement with the EU

According to the Moldovan business community, authorities must accelerate the implementation of 9 chapters of the Action Plan of the Deep and Comprehensive Free Trade Agreement between Moldova and the EU (DCFTA). This is what the preliminary results of the analysis "the role of the DCFTA in addressing the difficulties created by COVID-19", which was carried out by the European Business Association, show. The results of this analysis were discussed on August 6, 2020 on the platform of the Economic Council to the Prime Minister of Moldova. The purpose of the analysis is to explore the role of DCFTA as a tool for the private sector in Georgia, Ukraine and Moldova where this analysis was carried out in order to overcome the disruptions caused by COVID-19. Members of the Economic Council participated in the questionnaire on the role of the DCFTA in addressing the difficulties created by COVID-19. And the results of this research were analyzed and taken over by the experts of the Economic Council, which are preparing the impact study of the COVID-19 pandemic on the sectors of the economy.



Lack of clarity for cigarette sellers

From 15 August 2020 it is forbidden to display cigarettes in showcases and on the shelves. The economic operators began installing closed boxes so that cigarette packs were hidden from the eyes of the visitors of the commercial points. However, the economic operators mentioned that when the seller opens the display case the cigarettes can become visible.

Thus the economic operator will violate the law and will be fined. On the other hand, the seller must open the box in order to release the cigarettes to the consumer. At the request of the European Business Association in Moldova, and the Association of Domestic Traders "ProBiz", the topic has been discussed on the platform of the Council, in partnership with representatives of the National Agency for Public Health and the Vice-president of the parliamentary Commission for social protection, health and family.

To make clarity the National Agency for Public Health came up with a series of clarifications in the debates on this subject, and in the following period came up with a guide explaining how to apply the provisions on the Prohibition of the display of cigarettes in showcases and shelves.

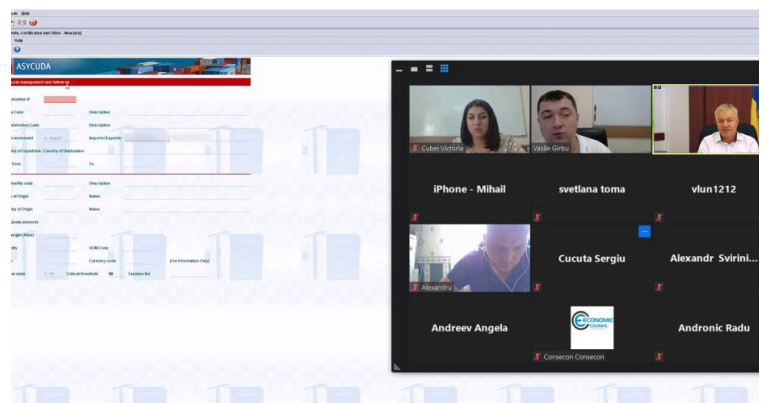
Business continuity: a key response to COVID-19 crisis

During July, August and September 2020, a series of webinars for SMEs organized in partnership with the International Labour Organisation (ILO) took place. More than 100 entrepreneurs, consultants and representatives of state institutions learned about the experience of other states in overcoming the COVID-19 crisis and how it can be applied locally. During the events, speakers addressed such topics as, increasing business productivity through skills trained in the workplace, social dialogue and how it can help small and medium-sized enterprises survive, as well as the measures to be taken to ensure business continuity during the crisis. The events were organized by the consulting EBRD team for Small Business Moldova, in partnership with IOM and Economic Council to the Prime Minister, with the financial support of the EU4business initiative of the European Union.



Customs Service presented the functionality of the new version "Asycuda World"

Customs Service has completed the implementation of the Technical Assistance Project on the modernization of the Asycuda World Operational System. It is one of the most important internal information infrastructure projects, carried out in partnership with the United Nations Conference on Trade and Development. The functional possibilities were presented at an online meeting on August 14, 2020, with the support of the Economic Council to the Prime Minister who exercises the functions of the National Committee for Trade Facilitation. The webinar was attended by over 70 economic entities and representatives of business associations from the country. Participants to the webinar got acquainted with the technical functionalities of the new software and asked questions to the IT specialists of the Customs Service, who manage the application.



A memorandum of cooperation was signed between the Secretariat of the Economic Council and the National Employment Agency

On 22 September 2020, the Secretariat of the Economic Council and the National Employment Agency signed a Memorandum of cooperation. It strengthens its efforts to promote and communicate actions on stimulating job creation and reducing unemployment in the Republic of Moldova. A first action under this agreement is to inform the business community, members of the Economic Council, about 5 actions of social interest promoted by the National Employment Agency. These are the incentives that the employer can benefit from the state for providing on the job training for the unemployed, the employment of vulnerable people, the adaptation of jobs for people with disabilities and the stimulation of job creation and the reduction of unemployment in rural localities.



Biannual opinion Survey

According to the biannual opinion poll of the Economic Council among its members, conducted from 1 to 30 September 2020, 98% of respondents fully or partially agree that the Economic Council is an essential tool in promoting economic reforms and it is important to continue its work in the near future. The data also show that 93% of survey participants fully or partially agree that the business environment has improved in areas where the Economic Council intervened. In January 2020, this opinion was shared by 88% of respondents. 84% of respondents fully or partially agree that the Economic Council promotes initiatives that correspond with the interests of business associations, good international practices and are supported by international community.

At the beginning of 2020 this percentage was 99%. An argument that can explain this decrease, are the effects of the pandemic on the work of the whole society, state institutions and the prioritization of subjects during this period. The survey also shows that 86% of respondents fully or partially agree that confidence between government and the business community has improved during the work of the Economic Council. 56 out of 118 members of the platform have participated in the opinion poll of the Economic Council.

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