

PROPOSALS TO UPDATE THE ROADMAP FOR BUSTING DIGITALISATION OF THE NATIONAL ECONOMY AND DEVELOPMENT OF ECOMMERCE

MINISTRY OF ECONOMY AND INFRASTRUCTURE, WITH SUPPORT OF ECONOMIC COUNCIL TO THE PRIME MINISTER

Development of the Digital Economy and eCommerce Roadmap was determined by the COVID19 pandemic crisis and need to identify quick responses to a wide range of constraints in order to enhance remote interaction of business with authorities and promoting eCommerce. Even, the necessary digital infrastructure elements are in place, companies are facing huge challenges going online. Additionally to limited market size and underdeveloped competition, especially in the ePayment and Fintech area, the businesses in Moldova have to deal with apparent resistance to digital change and inexplicable bureaucracy, instead of getting direct support of authorities in adapting to the new reality.

As the appetite for digitization and online shopping grows and this is one of the most desired methods of reaching new customers, Moldovan Government and Business Community has to re-consider their strategy for gaining new markets. It should not fear increasing and expanding internationally, for the mid and long term this is the most efficient strategy to rise exports. Direct to Client (D2C) approach is a more promising one than the existing traditional way of promoting exports.

With this in mind, envisaged authorities and companies wishing to expand their sales should weigh up all the considerations regarding eCommerce instruments. Both need also be prepared to enhance every aspect of the end-to-end online shopping experience from fully-landed pricing, localized payment methods, international shipping, customs clearance, international returns to duty drawback. To do this, analysing the existing constraints and bottlenecks, consideration should be made in the short term to following priority action lines.

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1.	<p>Zero priority: to define and implement a Digital Transformation Governance</p> <p>As eCommerce is an embedded part of the digital economy, there is a need to have relevant governance and implementation framework for the country's Digital Transformation.</p> <p>Several critical limitations:</p> <ul style="list-style-type: none"> • Apart from working groups, there are no coordinated governance arrangements around specific broad key initiatives, such as the digital transformation of the economy, which may require various working groups to cooperate and additional government and private sector bodies. 	<p>Government and other Regulatory State Bodies to create the government structure and relevant implementation (execution) management framework for the Digital Transformation, where eCommerce is a natural part of it.</p> <p>1. An efficient management and execution structure for the Digital Transformation, with the specific action plans</p>	<p>Government; Ministry of Economy and Infrastructure (MoEI)</p> <p>/Economic Council (MRECR/GOV-01)</p>	<p>To examine options for an efficient structure development with wide participation.</p> <p>Option 1. To establish a Digital Transformation Council, led directly by Prime Minister, with its Steering Committee (SC), taking the leadership role (<i>similar to EU/Moldova visa liberalisation Program</i>). The Steering Committee will be</p>	

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	<ul style="list-style-type: none"> • Similarly, there is no specific implementation body around the initiatives that would drive the execution of strategies and initiatives approved by a governing body. • Finally, in the absence of the governance arrangements set out above, applying program management disciplines to implementation could be a challenge, especially given a changing political landscape. There is a clear need for the increased coordination of a national digital transformation strategy, with clear roles, responsibilities, and implementation structure. A clear and understandable e-governance strategy and cohesive architecture are also vital. There is a need for an updated national digital agenda vision/policy, a more efficient cooperation platform between authorities and private sector, and an efficient mechanism to finance the implementation of digital transformation horizontally. <p>Implementation has to be prioritized based on the critical needs of the economy and the citizens of Moldova, as well as their willingness to use the solutions (in other words, demand-driven). Implementation cannot succeed without a program to drive digital skills educational – which not only brings more digital skills in the economy but also educate consumers on the advantages of digital channels.</p> <p>It's important to highlight that digital transformation is not only a technological effort but crucially, it is about changing mindsets. Besides, no strategy can be implemented without strong leadership driving implementation. Furthermore, must be recognized that digital transformation is a continuous process of changing society, business processes and technological solutions to new realities. We cannot</p>	<p>regarding eCommerce, as an integral part of the economy</p> <p>2. Digital Transformation Vision for Moldova, developed within the balanced, comprehensive, modern approach, driving the country's economic development.</p>		<p>responsible for and deal with all matters related to the digitization initiatives of the Moldovan economy and government, including Digital Transformation Vision development and successful deployment;</p> <p>Option 2. Nomination of a Deputy Prime Minister responsible for Good Governance and Digital Transformation initiatives, having in direct subordination the main policy development and implementation entities in digital transformation, and taking the leadership role.</p>	

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	think that once the strategy is implemented, that we are done. All elements must be implemented in a systematic manner, and a coordination process in the context of the present crisis could be transformed into a remarkable opportunity.				
Objective 1. Enabling remote interaction and promoting digital services to business					
2.	<p>Company register website upgrade for international eCommerce compliance facilitation</p> <p>For the last decade, the costs of compliance have been increasing steadily, creating more costs and complexity for businesses, and especially for e-Payments and online marketplaces providers. Part of the compliance complexity is passed onto the merchants, who must provide even more documentation and information before being allowed access to critical eCommerce services they need.</p> <p>Moldovan companies suffer an even more challenging situation, which is due to the company register website not being ready for a “cost-effective” compliance checks by local and international providers. The current company register website suffers multiple critical drawbacks as the companies information are only available as excel files, and the website lacks SSL security as well as EV SSL authentication.</p> <p>There exist multiple private company directories of Moldovan companies. However, from an international compliance perspective, only official and or public company registers are recognized. The current status of the Moldovan company register website, although complying with open data principles, does not inspire trust nor can it fully play its role as a reliable source</p>	<p>Make company profiles searchable and brows-able as web pages. Secure and authenticate the website with an EV SSL certificate applied to a dedicated URL such as https://register.gov.md. Make the register available in multiple languages and publish companies' data, including the list of the ultimate beneficiaries.</p> <p>The cost of an EV SSL certificate can be as low as \$200 per year. An upgrade of the website to have company information available as pages could be automatically populated from the excel records. Company profile field names being common to all companies will render the translation to be virtually free. The subdomain register.gov.md is free. Such simple improvements instantly enhance the local and international eCommerce</p>	<p>E-Government Agency (EGA); IT and Cybersec Service (STISC); Public Services Agency (PSA); MoEI</p> <p>/Economic Council (MRECR/EGO-01)</p>	<ol style="list-style-type: none"> 1. E-Government Agency and STISC to purchase an EV SSL Certificate and to apply it on a new register address such as register.gov.md 2. STICS to apply the changes and test the validity of the EV SSL certificate. 3. Adjust internal regulatory framework to recognise the validity of the extracted data and to eliminate the requirements for paper-based extracts from the public Registry of Legal Entities in every sector (banking, public notary, etc.) 	

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	for Moldovan company existence verification. Entrepreneurs often have to provide certified copies of their company documents with an Apostile as well as a certified English translation version of the documents. This leads to an average cost of \$800 and up to a month of delays for each eCommerce provider that a Moldovan enterprise may want to work with.	compliance for hundreds of thousands of Moldovan companies.			
3.	<p>Inventory of remote availability of universal services for business (public and private - e.g. permissive documents, extracts, banking, utilities, etc.)</p> <p>There is a strong need for such an inventory and appropriate actions, due to high level of entities using various internal regulations to discourage and to avoid providing electronic public services for citizens and businesses</p>	It will provide an updated picture of necessary areas of intervention	EGA /Economic Council (GIZ)		
4.	<p>Amending the existing legislation on entrepreneurial activity in order to insert the principle “digital by default” of the public services to business</p> <p>Right to digital by default public services to business (whereas is applicable) will facilitate the remote interaction with the authorities and improve the doing business environment. In-person access to services to be provided on-demand as a secondary option.</p> <p>Many interactions between businesses and public institutions begin with the "need to present" and end up with the "need to pick up" a document. The need for physical presence is sometimes described in a normative act, but in many cases it can arise only from an internal regulation or even the simple habit or preference of the provider.</p> <p>Thus why, it is proposed to complete the art. 4 of the Law no. 235/2006 on the basic principles of regulating entrepreneurial activity, with a new principle (f) - that</p>	Direct impact on doing business, saving resources and improving efficiency	EGA, MoEI /Economic Council (GIZ)		

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	of "priority of remote interaction". To describe the principle, the law will be supplemented with Section 6 which will provide that: any interaction or stage of providing a public service to entrepreneurs that does not involve the physical inspection of a material (mobile or immovable) must be offered to be performed remotely. Priority will be given to the electronic interactions (digital by default), but interaction by mail must be a possibility for any public authority and a right for any private entity.				
5.	<p>Automatic and remote update of the eSignatures</p> <p>Remote update (reconfirmation) of electronic signature via MCabinet premises, including with online storage have to be considered in order to improve the customers' experience and facilitate access to such services</p>	Will reduce costs and allow interested parties who cannot travel to the issuing point to do it remotely.	<p>EGA, STISC</p> <p>/Economic Council (CEEC /CH5/3, GIZ)</p>		
6.	<p>Approval of the Distant Customer Identification Guide</p> <p>Banks, telecom companies which are issuers of electronic signatures, all raised the issue about the Distance Customer Identification that shall be conducted in person, in particular on establishing a business relationship, and for other transactions. The same procedures are required at the prolongation of bank cards or mobile, electronic signatures. Almost all payment electronic service providers still conduct remote Customer identification and are licensed by the National Bank of Moldova, being also reporting entities under national AML law.</p> <p>Therefore, there is a different approach on how the legal provisions are interpreted by all participants, and the supervision body. The reporting entities under AML law tend to be more restrictive and feel more confident and protected, applying enhanced</p>	<p>The desired outcome is to have a clear and common understanding of the fact that Distance Customer Identification is possible under the current regulatory framework once all technical and security requirements are in place.</p> <p>Benefits:</p> <ol style="list-style-type: none"> 1. Relevant evidence in case of trials related to frauds and money laundering transactions 2. High security and decreased human factor errors 	<p>Office for Prevention and Combating of Money Laundering; National Bank of Moldova (NBM)</p> <p>/Economic Council (MRECR/AML-01 and CEEC /CH2/3, GIZ)</p>	<ol style="list-style-type: none"> 1. Office for Prevention and Combating Money Laundering establish a working group of specialists (lawyers, IT specialists, representatives from the bank sector, payment service providers, etc.) 2. Analysis of best practices in Europe on Distant Customer Identification (legal compliance, security compliance, technical requirements). 3. Approval of the Guideline and ensure a 	

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	<p>customer due diligence measures rather than simplified ones.</p> <p>Office for Prevention and Combating of Money Laundering has a clear understanding that Distant Customer Identification shall be conducted only in person, and support this idea by referring to the Law no. 317/2007 on preventing and combating money laundering and terrorist financing.</p> <p>Extreme measures adversely impact the customer user experience. A balance needs to be in place between customer satisfaction and security requirements, considering different levels of security and also AML risks. Security and customer due diligence measures must therefore be proportionate to the risks presented, whilst ensuring compliance with the risk-based approach as set out in AML law.</p>	<p>3. Improved customer satisfaction</p>		<p>wide dissemination of it to interested parties.</p> <p>4. Organize training for reporting entities on the applicability of the Guideline.</p> <p>5. Share valuable expertise and experience of payment service providers that had already been implemented into practice Distant Customer Identification (lessons learned).</p> <p>6. Adjust the legal framework in order to remotely identify citizens for the purpose of accessing public services.</p>	
7.	<p>Approval of a Guideline on applicability of the legal framework on collecting and processing personal data without the additional and prior consent of the customer</p> <p>The main misunderstanding is that processing personal data is possible only through the consent of the subject of personal data. The consent is, in fact, one of the main legal grounds. While purchasing online is difficult under current regulation to obtain the prior consent of the customer, as this so-called electronic consent should be in compliance with all requirements of the electronic document. Thus, the customer has to be a holder of an electronic signature. This fact creates an artificial barrier to natural and friendly eCommerce experience. The main law on data protection actually regulates other</p>	<p>National Center for Personal Data Protection to draft a guideline explaining for business as personal data operators, and for consumers what are other lawful grounds when the prior and additional consent is not required. There shall be in place more explanations on the applicability of the art. 5 let. a) Law no. 133/2011.</p> <p>Benefits:</p>	<p>National Center for Personal Data Protection</p> <p>/Economic Council (MRECR/DAT-01 and CEEC /CH2/2)</p>	<p>1. National Center for Personal Data Protection drafts a Guideline on the applicability of lawful grounds of data protection collection and processing, other than prior and express consent of the customer</p> <p>2. The Center involves development partners and the civil society dealing with data protection in drafting the Guideline</p> <p>3. The Center, with</p>	

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	lawful grounds when this consent is not mandatory, but apparently, these situations are purely applied due to a lack of a clear understanding of the subject.	<p>1. SMEs comply with data protection regulations</p> <p>2. Customers' data are lawfully collected and processed for the scope of electronic purchase</p>		support of donors and associative sector, organize an awareness campaign, and creates brief information kits for SMEs on how to comply with the law	
8.	<p>Wages paid electronically at the convenience of Employees, other than salaries sources are going electronically with a threshold</p> <p>Legal entities should be obliged to pay wages electronically if they have more than five employees (similarly how it is done with tax reports). Also, VAT subjects should be obliged to do the same, no matter how many employees they have. Employees should be given to choose an electronic payment provider (bank or wallet, which bank and which wallet, etc.).</p> <p>Other than salaries, income sources (payments for purchasing goods and services from individuals, dividends, royalties, some professional fees, etc.) should be also be paid electronically. There is a need for some limitations here also. For example for the payments performed according to art. 90 of Tax Code, it could be mentioned that if the number of payments exceeds a particular value, it should be provided electronically by taking into account a maximum cap per year/month of such transactions. At the same time for payments mentioned in art 90.1 of Tax Code (dividends, rent payments to individuals, royalty, cash donations) such threshold could be reduced to zero.</p>	It will place money directly to electronic options (as a primary choice). The purpose is to stimulate the individual to have them in the electronic place (s)he would use it also electronically for payments.	<p>MoF</p> <p>/Economic Council (CEEC /CH6/6)</p>		
9.	<p>Support the digitalization processes within and in-between legal entities</p> <p>A true digitization of the economy is not limited to the digitization of relations between economic agents and government authorities or to the digitization of</p>	<p>1) digitization of financial-fiscal processes;</p> <p>2) digitization of the processes related to the labour relations;</p>	MoF; Ministry of Health, Labour and Social Protection; Ministry of		

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	<p>mechanisms for interaction between economic agents. A true digitization is based on the digitization of the entire operational cycle, which obviously begins within companies.</p> <p>The need for such changes lies in the extremely archaic nature of the processes associated with internal records within a company on a financial-fiscal dimension and labour relations. However, even with the existence of a legal norm related to the electronic signature equivalent to the holographic one, many of the internal processes remained to be performed exclusively through physical signatures. This is largely due to three factors: (a) the application of a qualified electronic signature is expensive to completely replace the holographic signature (in some companies, hundreds and thousands of such signatures would need to be applied daily), which is a very expensive exercise that counter-stimulates entrepreneurs to digitize their internal processes; (b) the processes that are set out in the regulations governing them are not adjusted to a simplistic approach that would allow for an optimization of the effort made and a substantial added value from digitization; (c) no matter how much companies do not digitize their own internal processes, when there are regulations requiring the archiving of documents in physical format, the entire digitization effort is reduced to zero.</p> <p>In the same line, the interaction between economic agents and judicial institutions (bailiffs, judges, prosecutors), but also between judicial institutions, per se, is one that also does not have a completed digitization process, which makes it extremely to directly complicate the interaction process, but also the use of electronic evidence in the testing of actions / inactions.</p>	<p>3) digitization of the interaction with the judicial authorities</p>	<p>Justice/National Archive Agency</p> <p>/Economic Council (AmCham)</p>		

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10.	<p>Digitization of all statistical reporting for business</p> <p>Digital interaction in this field is end-to-end feasible from digital infrastructure and readiness points of view. It will serve as a stimulus to companies to proceed in the same manner in other areas too.</p>	It will directly impact the business environment and easiness of interaction with authorities.	National Bureau of Statistics /Economic Council (GIZ)		
Objective 2. Enhancing electronic commerce and electronic payments					
11.	<p>Update and ensure cross-references between the Law on ECommerce (284/2004) and other related laws</p> <p>Despite eCommerce being adopted in legislation 16 years ago with the adoption of Law no.284/2004 on electronic commerce, implementation has progressed very slowly, and Moldova is falling significantly behind to other countries in the region. This law does not cover all the ecosystem of eCommerce, and it did not aim that, as it is not a Code of eCommerce. But it has to link the main aspects that imply eCommerce referring to electronic documents, personal data protection of consumers, and intellectual property protection.</p> <p>Since 2004 it was amended a few times but still needs to be updated, taking into account the last developments and realities, especially due to pandemic times, when eCommerce became more relevant than ever. This law has to be amended at least from a technical point of view and harmonised with the provisions of Law no. 133/2011 on the protection of personal data, Law no. 114/2012 on payment services and electronic money, Law no. 91/2014 on electronic signatures and electronic documents, Law no.105/2003 on consumer protection and legislation on consumer rights to conclude contracts (Law no.8/2016 on consumer</p>	<p>Amendments drafted and approval procedures initiated</p> <p>Benefits:</p> <ol style="list-style-type: none"> 1. A clear general framework on electronic commerce. The main Law no.284/2004 shall ensure proper links to other incident regulations on electronic commerce, and easy for the user to understand the whole regulatory ecosystem of electronic commerce. 2. Assurance that all subjects have access to perform electronic commerce, including peasant households, etc. 	<p>MoEI</p> <p>/Economic Council (MRECR/MOE-01 and CEEC/CH1/1)</p>	<ol style="list-style-type: none"> 1. MoEI initiates an analysis of the regulatory framework of the primary and secondary legislation related to electronic commerce, identify the overlaps and gaps among them. 2. MoEI, based on the conducted analysis, elaborates the amendments to the Law no. 284/2004 and other incident regulations in order to link them accordingly. 	

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	rights to conclude contracts was abolished), as well, the reference to the Civil Code would also be necessary taking into consideration the latest amendments related to agreements concluded by electronic means, consumers' right protection, etc.				
12.	<p>Amendments to the Law no. 105/2003 on consumers' right protection in line with Civil Code latest amendments related to consumers' right protection</p> <p>The problems with electronic commerce are quite similar to those of classic commerce. And almost all problems to consumers' right protection is a matter of legal literacy in this particular domain. Consumers are not aware of their rights and the procedures they shall follow in order to protect their rights.</p> <p>The most common problems related to eCommerce are:</p> <ul style="list-style-type: none"> a. ECommerce on social media which is not yet regulated. b. The set of mandatory pre-contractual information available on eCommerce platforms. c. Delivery of products with missing parts or accessories, or mechanically hit products. d. Incomplete information on the essential characteristics of the product. e. Incomplete information about the merchant. f. Lack of information about the customer's right to revoke the contract 	<p>Amendments to Law no. 105/2003 on consumers' protection in the sense to link it with the new provisions of the Civil Code elaborated and promoted.</p> <p>Benefits:</p> <ul style="list-style-type: none"> 1. Increased customer awareness about their rights and protection mechanism while purchasing online. 2. Increased awareness among merchants on the basic disclaimers to be provided to the customers. 3. Reduced cases of customers' rights violations. 	<p>Agency for Consumer Protection and Market Surveillance; MoEI</p> <p>/Economic Council (MRECR/CON-01)</p>	<ul style="list-style-type: none"> 1. Agency for Consumer Protection and Market Surveillance analyses the latest amendments of the Civil Code and draft the amendment to the Law no. 105/2003, making this law more a part of the whole puzzle of consumer protection. 2. Organize awareness campaign and make a clear understanding among merchants that the protection of customers is ensured not only by the Law no. 105/2003, but as well and mainly by the Civil Code. 	
13.	<p>Guidance for merchants and customers for e Commerce</p> <p>Elaboration of a guide for the eCommerce ensures</p>	<p>Will decrease the number of mistakes performed by the merchants and by the</p>	<p>ACPMS, NBM, MoF, STS, Specialized NGOs</p>		

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	<p>that both customers and merchants are knowledgeable about all the requirements and tips that should be considered in e-Commerce. The guide should be consulted with Business Associations and representatives of the eCommerce and periodically updated/improved.</p> <p>It has to cover the accounting and tax rules on eCommerce including available/desirable payment solutions. It should give a simple and understanding explanation on the most important subjects: what accountant system should be applied, what tax regime is more suitable based on the business model, what options are for proper compliance.</p>	<p>customer in eCommerce, as a result, will reduce the number of complaints.</p> <p>Will ensure the right framework of understanding tax and accountant realities for merchants, PPSs, and others relevant to ecommerce parties.</p>	<p>/Economic Council (CEEC /CH2/1; /CH5/3)</p>		
14.	<p>Develop & deploy an eCommerce specific data collection framework</p> <p>There are few data able to be collected in Moldova about eCommerce, one of the only reliable data can be found on the payments, taking the NBM reports on card payments (i.e. for card-not-present transactions), we can have some estimations.</p> <p>Based on the existing available figures and considering in total eCommerce value as 7.44 billion on card-not-present transactions (as per 3.15 billion local transactions + 4.29 considered abroad ones), or 448 mln USD (rate 1/16.5960) /379 mln EUR (rate 1/19,6057), or 12.01% of eCommerce share out of total card payments;</p> <p>The very rough estimation is eCommerce in Moldova still is not exceeding 1-2%, taking in account the fact of the grey market and, what's even more important, the absence of eCommerce data and key performance indicators that would allow measuring the progress of eCommerce in the country. For the moment, there is no reliable benchmark on the volume and types of</p>	<p>National Bureau of Statistics, with the Ministry of Economy and Infrastructure to develop and deploy a framework for collecting the data on eCommerce, including fintech, and other 'new', digital economy businesses: e-health, e-insurance, e-consulting, include e-government services), etc. With the clear indicators (i.e. what to be defined as eCommerce, by areas, by # of transactions, volumes, deliveries, etc.)</p> <p>Benefits:</p> <ol style="list-style-type: none"> 1. A clear set of eCommerce definition and relevant statistics and KPI. 2. Ability to plan the strategic 	<p>National Bureau of Statistics; MoEI; NBM</p> <p>/Economic Council (MRECR/STA-01)</p>	<ol style="list-style-type: none"> 1. Ministry of Economy, Ministry of Finance, and National Bureau of Statistics to initiate a feasibility study for eCommerce data framework development 2. National Bureau of Statistics, based on the feasibility study, develop the technology solution and relevant regulatory amendments for the deployment. 	

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	<p>eCommerce transactions; there is no information about the number of e-merchants.</p> <p>As the commercial economy structure is dramatically changing, there is a need to treat eCommerce as a strategic country area and asset.</p> <p>The most important characteristics for eCommerce are to be defined by the Ministry of Economy, Ministry of Finance, and National Bureau of Statistics to start the collection asap:</p> <ul style="list-style-type: none"> - definition of the on-line transaction (i.e., completely with on-line payments, or only online orders, with a wire transfer, or even cash payment) - # of companies with the on-line business (i.e. merchants), active ones. - by category: retail (B2C), wholesale (B2B), or segregation by the transactions (i.e. same company can practice both categories. - by economic area: constructions, light industry (i.e., textile, etc.), ICT, medicine, agriculture, tourism, etc.) <p>The satisfactory outcome will be the real statistics on the eCommerce business, abilities to measure it, and the plans for its stimulation and growth.</p> <p>The solution conceptually is quite 'technology-ready' to be implemented – as the business to measure is the on-line one, there is no issues to collect the necessary information on-line from various sources: companies' register, on-line and wire payments, fiscal electronic invoices, etc.</p>	<p>and operational plans for eCommerce development and measure the real progress.</p>			
15.	<p>Dedicated courses in eCommerce</p> <p>Digital literacy and best practice sharing is a general issue. Courses should be organized by those who are</p>	<p>Will ensure that those who are considering ecommerce could find info from the first source and to establish useful contacts</p>	<p>MoEI, ODIMM</p> <p>/Economic</p>		

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	working in any phases of eCommerce circle. A coordinating effort from authorities, donors and associative sector is required.	with specialized companies	Council (CEEC /CH1/2)		
16.	<p>Rethinking of the local tax for eCommerce and obligation of the notification of the trading commencement</p> <p>Only eCommerce activity with no offline activity should be liable for notification and, as a result, for the local tax based on the warehouse's location or fulfilment services.</p>	Will eliminate the risk of the start of the business for the SME that has offline activity.	MoEI, MoF /Economic Council (CEEC /CH5/1)		
17.	<p>Adjust Patent for eCommerce</p> <p>Adjust existing types of patents with the higher monthly rate that covers all Republic of Moldova territory and has a higher allowed limit up to 600.000 MDL per 12 consecutive months but with the obligation to collect the payment only using online payment solutions. No CRM is needed.</p>	Will reduce the number of informal activity, will allow person official to start eCommerce activity.	MoEI, MOF /Economic Council (CEEC /CH6/2)		
18.	<p>Adjust independent activity for eCommerce</p> <p>To allow such activity with the obligation to use online payment solution for the sales that are not exceeding 900.000 MDL per tax period without the usage of the cash register machine. No CRM is needed.</p>	Will reduce the number of informal activity, will allow person official to start eCommerce activity.	MoF, MoEI /Economic Council (CEEC /CH6/3)		
19.	<p>Accelerate the harmonization with PSD2 – allowing open banking</p> <p>High interchange fees and reliance on banks and card companies to process payments is one of the biggest contributing factors to the low levels of non-cash (or electronic) payment channels used for eCommerce. Cash only transaction can go undetected by fiscal authorities, who lose out on tax revenue. Also, it imposes additional costs on companies. The inability</p>	<p>The European Payment Services Directive 2 (PSD2) is on track to be implemented in Moldova, with the aim of aligning with international regulatory best practices.</p> <p>Benefits:</p>	NBM, National Commission for Financial Markets /Economic Council (MRECR/NBM-01)	<p>1. National Bank of Moldova creates a dedicated team to accelerate PSD2 implementation</p> <p>2. The National Bank assess additional resource need or additional external support</p>	

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	<p>of eCommerce merchants to take electronic payments limits the scalability of their business, as they will not attract digitally savvy customers and foreign buyers who prefer electronic channels.</p> <p>Under current conditions, eCommerce merchants are having to pay up to 3.5% (of gross sale amount) commissions for clearing their payments, compared to around 1.5% in neighbouring countries. These high costs eat into their already small margins of around 5 to 6% on average, and therefore, it is commercially not viable for them to accept electronic payments.</p> <p>Moldova does have an E-Money licensing regime that allows for digital wallets. Technically, payments can be cheaper when using electronic or mobile wallet technologies. However, the e-Money company will still attract the standard interchange fees when customers top up their wallets with funds, using their credit or debit cards.</p> <p>Most banks and some third-party payment services providers require merchants to retain a significant deposit to cover refunds, disputes, and frauds. In some cases, the charges could go as high as 7% of turnover, retained for a rolling 180 days. This charge severely hampers cashflow and exposes the merchant to the risk of running out of cash and forced to close.</p> <p>The problem is exacerbated by customers' unwillingness to use electronic channels because they lack trust in the financial system or this type of non-cash payment.</p>	<ul style="list-style-type: none"> • Lower interchange fees are the biggest benefit of this recommendation. • More merchants using electronic payment channels, improving tax collections, especially from grey markets arising due to cash only channels. • ECommerce merchants can scale their business locally and internationally because of a PSD2 compliant payment system. • More competition in the payments space, leading to lower fees and better, faster service through technology-led innovation. • More consumers pay using electronic channels because they feel comfortable. Indirectly, this may improve overall levels of financial inclusion in Moldova. • Merchants no longer need to retain large deposits with payment providers to cover chargeback, disputes, and fraud. 		<p>requirements. They engage with Donor agencies for funding and technical support.</p> <p>3. They accelerate the consultation process by forming a PSD 2 interest group, involving interested parties to support implementation.</p> <p>4. Engage with banks to encourage them to open their data through API</p> <p>5. Draft PSD2 legislation in the Moldovan context</p> <p>6. Accelerate the promulgation of the new legislation through the legislative process.</p> <p>7. Awareness campaign: National Bank can raise awareness of PSD2 and its benefits for eCommerce through Associations</p>	
20.	<p>Creation of an Open Banking Implementation Entity</p> <p>Once implemented, PSD 2 will force banks to open</p>	<p>Common standards established for API based data sharing between banks and third-party</p>	<p>MoF; NBM; National Commission for</p>	<p>1. Develop an open banking working group to start working on standards</p>	

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	<p>their data through Application Programming Interface (API) to stimulate more competition in banking and payments and to drive innovation.</p> <p>Even current payment-related APIs do not work efficiently, the problem is likely to continue when PSD2 requires banks to open data and allow third parties to integrate. Without common and workable standards, third-party providers will struggle to integrate with banks. The cost of integration will also go up and dissuade third party providers from developing new and innovative solutions that benefit eCommerce merchants and consumers.</p>	<p>providers as well as between banks and eCommerce merchants directly.</p> <p>An Open Banking Implementation Entity to implement PSD 2 effectively designated by the Government.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • Ready-made API standards that banks and third-party providers can readily apply to accelerate open banking. • Guidelines and frameworks for implementation. • Methodological support for banks and third-party providers to implement useable APIs • Robust security standards associated with APIs, which increase merchant and consumer trust. 	<p>Financial Markets; MoEI; National Payments Council; EGA</p> <p>/Economic Council (MRECR/MOF-01)</p>	<p>as soon as PSD 2 is implemented.</p> <p>2. Study visit the Open Banking Implementation Entity in the UK to assess how it works and its feasibility for Moldova’s market.</p> <p>3. Create empowering legislation for Open Banking Implementation Entity.</p> <p>4. Develop the Open Banking Implementation Entity in Moldova</p> <p>5. Enlist members into the entity and create awareness and education campaign.</p> <p>6. Launch of Open APIs</p>	
21.	<p>Considering the introduction of a unified & instant collection VAT rate of 10% to boost e-formalization of SMEs</p> <p>The size of the informal economy is relatively overwhelming in comparison to the current size of the formal market. Such a situation is a challenge for the economy in general, and the impact is easily predictable – no taxes collected. Studies are showing the informal cash economy is ~\$3 Billion, i.e., up to</p>	<p>Benefits:</p> <ol style="list-style-type: none"> 1. Increase the eCommerce turnover, and reduce the informal economy 2. Increase in taxes collection 	<p>MoF, MoEI</p> <p>/Economic Council (MRECR/MOF-02)</p>	<ol style="list-style-type: none"> 1. MoF with the MoEI, to initiate the assessment and detailed case estimation for the case of decrease and unification of VAT for this specific group. 2. As a separate subcase to estimate (together with 	

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	<p>25-30% out of \$11.96 billion GDP in 2019 (Source- Tradingeconomics.com / World Bank)</p> <p>The issue of the informal economy is confirmed by the authorities and different measures are in place, mainly from a monitoring perspective. However, not enough is being done to reverse the trend towards formalization, as the threats of formalization still outweighs the benefits of going formal. Informal cash holders tend to buy from informal sellers because the prices are more competitive.</p> <p>Many countries have managed to bring down the informal economy to a level below 10% of the GDP. For instance, in Switzerland, the informal economy is estimated to about 6% of the GDP. While being conscious that reaching a 0% informal economy is utopic, Moldova, through comprehensive and efficient digitization and formalization strategy, could very well bring the informal economy to not more than 10%-15% equivalent of GDP, which would still create a considerable increase in tax collection.</p> <p>Based on the 2018 Fiscal revenue statistics and using a rapid estimation, the overall tax collection would increase by two figures even though the VAT rate is reduced to a single 10% rate. And this is due to the new fiscal revenues that would generate out of the formalization of the informal transactions.</p>			the recommendation to set the definition of the eCommerce and respective KPIs), establish a lower VAT on eCommerce transactions.	
22.	<p>Considering the extension of the successful IT Park fiscal package to Fintech & SMEs from other sectors</p> <p>The IT Park is very popular and rapidly growing, limited only by Moldova’s internal workforce resources. Such a situation highlights two interesting points:</p> <ol style="list-style-type: none"> 1. The IT Park fiscal offer is a success 2. The other sectors want to benefit from it too and 	<p>Authorities to initiate the study and prepare the business cases to apply the Moldova IT Park fiscal offer to other sectors, primarily related to eCommerce.</p> <p>Benefits:</p>	<p>MoF, MoEI</p> <p>/Economic Council (MRECR/MOF-03)</p>	<p>1. MoF, with the MoEI, based on the Moldova IT Park business case, to initiate a study for identification of the preferable sectors (with high eCommerce potential), where the same offer can be applied</p>	

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	<p>are ready to adapt to get it</p> <p>The Moldovan landscape of companies is dominated by SMEs or Micro SMEs, who have very little accounting capacity and who would greatly benefit from the simplified calculation and reporting based on revenues. Also, most of these small entities tend to have one or family shareholders and, to a certain extent, complain about a perception of a “double taxation” of their already small income.</p> <p>In aggregation with the single VAT rate of 10%, which the last step also applies to revenue, to propose a 15% single tax rate on revenue, inclusive of “everything”: VAT, Corporate Income Tax, Personal Income Tax, and Employment Contributions for Social Taxes. This single “all-inclusive” 15% tax on all revenue could greatly simplify the reporting, pricing, and marketing activities. A figure of 15% (10% for VAT + 5% for IT specified fiscal taxes) is psychologically acceptable, especially by small stakeholders, and would offer nearly no excuse to formalize.</p> <p>The reason for the rate of 7% offered to IT park brought down to 5% is because other sectors who deal with logistics costs and physical goods usually have fewer margins than IT companies who once they have broken-even from development costs, may benefit from perpetually higher margins on their digital products or services.</p> <p>From a tax collection perspective, the seemingly lower rate of 15% may be perceived as creating an opportunity cost, but the following arguments could be considered: (i) a lower rate applied on revenue “guarantees” the collection and gives predictable figures; (ii) a high tax rate on gross profit may yield less taxes due to invoicing and deduction practices.</p>	<ol style="list-style-type: none"> 1. An increase in the turnover for the sectors where new, similar to IT Park, fiscal offer is applied 2. Taxes growth from the specified sectors, perhaps, focused on eCommerce 		<ol style="list-style-type: none"> 2. Based on the results of the analysts, take the decision, supported by the detailed action plan for deployment 	

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23.	<p>Launch of a Regulatory Innovation Hub for Fintech</p> <p>Moldova has a vibrant and developing entrepreneurial ecosystem. Like in other European countries, there is a surge in entrepreneurs and, indeed, incumbents innovating in the financial services sector to bring solutions that benefit consumers and eCommerce merchants. Evidence suggests that greater competition in financial services increases the breadth of the sector, thus presenting more choice for consumers, and the additional competition results in better, faster, and fairer solutions for consumers. Greater competition also increases the depth of the financial market, thus increasing levels of financial inclusion.</p> <p>In Moldova, entrepreneurs (especially those coming from outside the financial system) find it challenging to navigate through the complex financial services regulatory system and are sometimes intimidated to approach the regulator for support. Often times, their innovative ideas may not clearly fit within the current financial services regulatory framework. At the start-up stage, entrepreneurs are unlikely to be able to afford expensive legal advice. Overseas entrepreneurs who may have a proven Fintech solution will find it equally challenging to engage with the National Bank or the National Commission.</p> <p>The end result is that entrepreneurs are not inspired to innovate in the financial sector, leaving banks and card companies or large insurance players to dominate the sector, leaving fees high and acceptance of substandard or unfair products and services by consumers and merchants alike.</p> <p>Many countries are adopting the creation of an Innovation Hub that provides regulatory support and</p>	<p>Aligned with international best practice, the financial regulators launch and resource a Regulatory Innovation Hub. Innovation can come from any angle, impacting either the payment landscape or the micro-credit or insurance space. So, there are three options to launching an innovation hub that more broadly support financial services innovators:</p> <ol style="list-style-type: none"> 1. Each regulator could develop its own innovation hub, leaving it to innovators to figure out which regulator is the most appropriate to approach for support. 2. The regulators could jointly develop a joint innovation hub that face-off to innovators. Once they decide which regulator is impacted, they could facilitate dialogue within the relevant regulator. If both regulators are involved (for example, a payment solution that also combines consumer lending and product insurance), then a joint mini team is formed to support the innovator. 3. The regulator could combine the innovation hub with an 	<p>NBM, National Commission for Financial Markets, MoF</p> <p>/Economic Council (MRECR/NBM-02 and CEEC /CH3/9)</p>	<ol style="list-style-type: none"> 1. Regulators to engage in dialogue to explore the feasibility of launching an Innovation Hub and deciding which option would work best in practice. 2. Each regulator assesses the risks of introducing an innovation hub to Moldova. The risk assessment will be carried out at the industry level as well as the risk that the regulator will face. 3. They will also carry out research to learn how other regulators have implemented the Innovation Hub. This may include calls or meetings with Innovation Hub leaders. Development partners could help in arranging these meetings. 4. The Regulators will need to assess whether they require special statutory powers to launch an Innovation Hub. If so, they proceed to engage with the legislature to acquire these powers. 5. Each regulator draws up 	

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	<p>guidance to Fintech entrepreneurs who are wishing to bring products and services that can make the lives of customers and eCommerce merchants better. Moldova has thus far chosen not to go down this route.</p>	<p>Accelerator or Incubation Hub for Fintech firms. The downside to this is that the Innovation Hub is only open to those in the Accelerator. There may also be conflicts of interest if the regulator gets too close to a commercial accelerator.</p> <p>The other option is to align the Innovation Hub with a Fintech association. In this way, the Association can take care of all operational matters and running the hub. Regulators would need to ensure that qualified resources are available within the hub. With this solution, regulators only incur staff expenses.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • More innovation and competition in financial services help to accelerate eCommerce. • Engaging with innovators in the Innovation Hub, the regulators are more informed about new Fintech enabled business models and Fintech technologies emerging. • The innovation hub will encourage foreign Fintech innovators to enter the 		<p>a plan (if proved feasible) to implement the Innovation Hub and submit it to their Board for approval.</p> <p>6. To limit costs and effort, the regulators could develop a thematic Innovation Hub. Later the Innovation Hub could be opened to other types of innovation. In this case, the eligibility criteria will reflect this requirement.</p> <p>7. Consultation with the industry and launch.</p> <p>8. Once the Innovation Hub is working effectively, the Financial Regulators may wish to consider a cross Regulator Innovation Hub, where they team up with regulators in neighbouring countries to facilitate Fintech innovators to expand outside their country. For example, if a Moldovan Fintech payment provider wanted to offer their services in Ukraine, then the Innovation Hubs in both countries would work together to facilitate the Moldovan Fintech firm</p>	

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		<p>Moldovan payment and finance market, offering proven products and services to eCommerce merchants and consumers.</p> <ul style="list-style-type: none"> • By engaging early with innovators, and by offering a support structure, finance entrepreneurs actively seek to work in a regulated manner, rather than work in a grey market. 		gaining a license in Ukraine.	
24.	<p>Create Incentive Mechanisms for the Development of Fintech</p> <p>Even the modern digital economy is impossible without the necessary fintech instruments, the sector is underestimated in Moldova and it lacks support from the Government. While IT firms get Government support in the form of the IT Park legislation, there is no such support and incentive structures for the development of Fintech in Moldova.</p> <p>Encouraging more Fintech financial services firms will allow for much-needed competition in financial services. More consumers may be attracted to the financial services market by these new Fintech players. More competition also brings better service and lower prices, especially in eCommerce, where high fees eat into merchants' margins. Fintech players may also facilitate easier integration of payment platforms on eCommerce websites.</p> <p>Inspired by international developments, many entrepreneurs would aspire to launch Fintech ventures. However, they find it challenging to start without technical and financial support, let alone</p>	<ol style="list-style-type: none"> 1. Government support will encourage more entrepreneurs to launch Fintech ventures that drive up financial inclusion and accelerate eCommerce in Moldova. 2. Government support attracts foreign Fintech players who bring proven Fintech business models and technologies that drive financial inclusion and eCommerce. 3. Government recoups the cost of tax incentives and grants through greater levels of VAT and tax collection, resulting from more transactions moving out of the grey sector into the formal sector, where their transactions are fully accounted for, and therefore 	MoEI, MoF, NBM /Economic Council (MRECR/MOE-02)	<ol style="list-style-type: none"> 1. Develop a task force/working group to advise relevant parts of Government on the feasibility of tax incentives and grants to stimulate the development of Fintech and financial services related to eCommerce. 2. International research on tax incentives and grant schemes established by other countries and assess what results they achieved. 3. Propose specific tax incentive schemes and grants that Moldova's Government can implement 4. Examine the 	

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	scale their businesses. Without scale, Fintech firms can hardly make a real difference. In the meantime, the shadow economy and the cash based transactions limit the fiscal area, VAT and tax collections.	<p>subject to tax.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • Fintech players bring competition, stability and more choice for consumers. • Greater levels of financial inclusion bring more parts of the grey economy into the formal economy, raising tax collections • Greater levels of financial inclusion benefit the economy as small businesses are able to scale through financing 		<p>opportunity of amendments to Law No. 77 on Information Technology Parks to include Fintech businesses.</p>	
25.	<p>Lower licensing threshold conditions for small payment service providers and small e-money institutions with low volumes</p> <p>Whilst there are many alternative payment providers already in the market, new legislative changes such as PSD2, new Fintech business model, and new technology allow for greater levels of innovation in the payment and financial services space that could benefit Moldova through greater use of non-cash payments and acceleration of eCommerce. More players will create greater levels of competition that will benefit the market because established players wake up and improve their service and pricing. However, barriers to entry are high. Licensing comes with hefty initial and ongoing capital requirements that would dissuade start-ups with great ideas but who lack funding.</p>	<p>The National Bank of Moldova allows small payment institutions and small e-money issuers the opportunity to register rather than apply for full authorization and to lower capital adequacy requirements.</p> <p>Benefits:</p> <ol style="list-style-type: none"> 1. Lower entry barriers will encourage more innovative Fintech ventures into the market, increasing competition and reducing payment fees for eCommerce merchants. 	<p>NBM</p> <p>/Economic Council (MRECR/NBM-03)</p>	<ol style="list-style-type: none"> 1. Staff is dedicated in the National Bank to analyse the feasibility, risk assessment and implementation stages of the recommendation. 2. National Bank examines how other countries are reducing the licensing threshold for low volume payment and e-money start-ups and what benefits it brings them. 3. Industry consultation 4. Draft amendment of legislation 	

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	<p>Low volume payment service providers and e-money issuers pose a lower risk to the financial system, and therefore, should not be required to hold the same level of initial capital as more risky higher volume businesses.</p> <p>Other EU countries have lower thresholds for low volume early stage payment service providers and e-money issuers. The capital requirement goes up proportionately as the business volumes grow.</p>				
26.	<p>Consolidation of the Fintech sector and considering launch of a focused Fintech Association</p> <p>There are many initiatives to bring interested Fintech parties together. From experience gained in other countries, Regulators and Government find it challenging to engage with individual Fintech firms, especially in relation to matters that impact the wider industry – for example, lobbying against regulation or new policy changes, etc. Regulators and Government is resource constraint to engage with individual firms, and more importantly, they want an objective view that represents the common view of all the members in the sector. Individuals may bring their own views that are self-serving and biased, and regulators cannot rely on such views.</p> <p>Without a coordinated association, Fintech has a weak voice and therefore, cannot bring about the changes they wish to see, either within the industry of the regulatory landscape.</p> <p>Fintech is not very visible in Moldova. Without Fintech visibility, greater levels of financial inclusion are harder to achieve and the financial services sector continues to be dominated by banks and card companies. Lack of competition results in higher fees for consumers, and existing players can get away with</p>	<p>Creation of a strong and well-coordinated Moldova Fintech Association.</p> <p>Benefits:</p> <ol style="list-style-type: none"> 1. Strong voice for the Fintech sector so they can more effectively engage with Government, Regulators, and Incumbents to bring about positive change. 2. A coordinated Fintech association can also more effectively support Fintech firms and innovators through various capacity building initiatives. 	<p>Associative sector; NBM</p> <p>/Economic Council (MRECR/ASO-01)</p>	<ol style="list-style-type: none"> 1. Plan a workshop involving all interested parties to discuss the merit of launching a Fintech Association. A strong independent body is suggested to lead such an initiative (for example, a development partner), to avoid politics driving the decision. 2. Launch the Association 3. Awareness campaign 4. Recruit members 5. Develop the action plan 	

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	<p>substandard services.</p> <p>Fintech association will bring the needed focus and help to make Fintech more visible and, therefore, able to bring about transformative change in the financial services sector.</p>				
27.	<p>Transparency in the policy of opening an account and about eCommerce solutions</p> <p>Some regulations on transparency and clear rules for account opening rollover deposit applied by PSP and Banks for the merchants should be elaborated with the obligation of its revision at least once per quarter.</p>	Will decrease the cost of eCommerce.	<p>NBM</p> <p>/Economic Council (CEEC /CH3/1)</p>		
28.	<p>Cap on rollover deposits for eCommerce</p> <p>To develop eCommerce, it is mandatory to reconsider the risks that stand behind the decision to apply on rollover deposits. As studies show, it should not exceed 3% add value and not exceeding two months.</p>	It will lead to a more dynamic transactions matrix and boost all involved in ecommerce parties.	<p>NBM</p> <p>/Economic Council (CEEC /CH3/2)</p>		
29.	<p>Subvention and Cashback Scheme (SCS)</p> <p>Instead of VAT standard rate decrease, the cashback to the account of individual persons using electronic payment methods could be given (3% per transaction). On the other hand, to compensate merchant fees, a subvention of 3% per transaction should be considered.</p>	It will motivate individuals to use electronic payments and claim for this solution if there are no such options. On the other hand, 3% will cover merchant fees for merchants, which could motivate them to offer electronic payment solutions to their customers.	<p>MoF</p> <p>/Economic Council (CEEC /CH3/3)</p>		
30.	<p>A single document for the transaction (POS and CRM)</p> <p>The processing of the bank card by POS Terminal should be done together with issuing a "Bon fiscal" from the cash register machine. It is no need to give a "Bon fiscal" if the transaction is made electronically. The only exception should be in the case of direct</p>	It will diminish the costs of compliance and time for processing the transactions.	<p>MoF, STS</p> <p>/Economic Council (CEEC /CH3/4)</p>		

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	requests by the customer.				
31.	<p>“Domestic” special regime</p> <p>The instant payment system should be implemented as soon as possible. Also, a tentative schedule of implementation of it should be available on the public resources.</p>	Will decrease costs on the transactions	NBM /Economic Council (CEEC /CH3/6)		
32.	<p>Special interchange fee for some transactions</p> <p>The negotiations should be started with Visa and MasterCard on some special regime for government payments, utilities, and social payments, etc. in order to receive a lower rate on transactions.</p>	Will decrease costs on the transactions	NBM, MoF /Economic Council (CEEC /CH3/7)		
33.	<p>Causes of rejection to process the merchant's request should be published</p> <p>There should be some clear understanding of the causes of rejection to process the merchant's request to the system of direct acceptances of payments integrated on its website. These causes should be published. Some regulations should be made here.</p>	A clear understanding of the processes of the ecommerce scheme.	MoEI, NBM /Economic Council (CEEC /CH3/8)		
34.	<p>Develop a simplified fiscal mechanism for business activities dealing with electronic payments only</p> <p>Tax bureaucracy is quite burdensome and involves high risks of sanctions. It is an issue primarily for small business and businesses involving simple activities, such as IT, consultancy and other service providers. Simplified business models need to be identified and for them a simplified tax mechanisms developed, such as having a dedicated payment account for business needs serving for automated evidence, tax payments and tax reporting, exempting businesses form any reporting and interaction with tax authorities.</p>	New business opportunities for operating on-line companies, less tax evasion risks	MoF, SFS /Economic Council (IFC)		
35.	e-Bon fiscal issued by the “Fiscal Gateway”	It will boost the development	MoF, SFS,		

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	The "e-Bon fiscal" issued by Fiscal Gateway computer system of the State Fiscal Service confirms e-transaction without any extra paper involved (regular recipe published by Cash Register Machine - CRM). Also, it will eliminate tax receipt for the cash-on-delivery solution when the post-service provider provides service, and information is stored via Gateway fiscal (Electronic Reimbursement ticket)	of ecommerce because the compliance part becomes easy and straightforward.	ACPMS /Economic Council (CEEC /CH6/1)		
36.	Non-discriminatory discounts for cash and cashless payments The practice of the shops that offer discounts or the different price strategy for cash and cashless payments (it is stimulating to pay by cash) should be abolished. Rebates, discounts, or other forms of price reduction facilitation on the use of cash and non-cash have to be similar.	It will stimulate the cashless economy by eliminating artificial barriers.	MoEI, ACPMS /Economic Council (CEEC /CH6/7)		
37.	Moldovan Education and Financial Inclusion Policy (MEFIS) This strategy should cover essential issues connected with finance and digitalization literacy.	That would lead to better e-financial literacy and financial inclusion of people from different groups countrywide	NBM, MoF /Economic Council (CEEC /CH6/5)		
Objective 3. Enhancing customs procedures for online exports and stimulation of postal and courier services					
38.	Develop an API for third parties & eCommerce platforms Companies and logistic solutions providers have expressed the need and the demand for an Application Programming Interface (API) so that their eCommerce solutions can interact with the Postal solution in a live and automated way. Integration modules are of great use, especially for small merchants who may not have the financial capacity to develop a custom-made integration.	API for third parties & eCommerce platforms in place Benefits: <ul style="list-style-type: none"> • Less customer support inquiries related to pricing and tracking • More SMEs and logistic 	Posta Moldovei; other postal operators; MoEI /Economic Council (MRECR/POS-01)	<ol style="list-style-type: none"> 1. Evaluate the current postal systems readiness for information exchange 2. Request assistance from international organizations 3. Deploy and pilot a first API integration with the three main last-mile delivery companies 	

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	The development of eCommerce relies on adequate logistics infrastructures and practices. Posta Moldovei, as a state enterprise, already has the mandate to facilitate the development of trade, communications, and logistics in the country and abroad. Developing and proposing an API is a logical continuation of the current postal vision demanded by most of the SMEs and logistic providers.	<p>players using the post for their eCommerce stores</p> <ul style="list-style-type: none"> • Moldovan consumers able to track their order delivery within their supplier website 			
39.	<p>Training (certifications) on Customs procedures for Companies</p> <p>Because companies are fully responsible for the declarant's mistakes, the particular pieces of training performed by the Customs (with corresponded certification) need cost optimization and not only.</p>	It will reduce the risk and increase trust in such a solution compared to the full outsourced Broker services.	<p>MoF, CS</p> <p>/Economic Council (CEEC /CH4/3)</p>		
40.	<p>Obtaining status of the Authorized Economic Operator (A.E.O.)</p> <p>Will reduce the customs clearance time and costs and will increase trust in the postal operators service providers for the export activity. Posta Moldovei already get the status of AEO in April 2021 and it should raise the value of its services to eCommerce companies.</p>	Will reduce the customs clearance time and costs and will increase trust in the postal services operators as service providers for the export activity	<p>Postal services operators</p> <p>/Economic Council (CEEC /CH4/4)</p>		
41.	<p>Day-by-day workers regime for courier services</p> <p>Post-delivery or courier service providers that have software for couriers with real-time identification could employ couriers as day-by-day regime (<i>lucrătorii zilieri</i>) for their delivery of the goods in the case if it is not used private transport, but only public, bicycle, etc.</p>	Will allow to develop courier services and also will serve as a job opportunity mainly for the youth	<p>MoEI, MoF</p> <p>/Economic Council (CEEC /CH4/2)</p>		
Objective 4. Endorsing and attracting national and international e-commerce platforms to the country					
42.	Assess the opportunity to register a state trademark & The program "Made in Moldova"	Registered state trademark and adopted a set of "brand	Moldova Investment	1. A common strategic program for the "Made in	

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	<p>Several Moldovan sectorial and private brands have been launched, but have not reached a significant international level. A few years ago, a project about “Made in Moldova” was initiated, but did not take off.</p> <p>There are currently many excellent activities performed by the Moldovan Investment Agency (http://invest.gov.md); aimed to support investment attraction and promotion. The Agency is doing massive work to consolidate Moldova’s image. The private sector, with the assistance of other partners, has started sectorial umbrella brands such as for the Wine sector, for instance.</p> <p>Moldova regulatory framework allows the registration of national trademarks or the so-called state brands. Besides Law no. 38/2008 on trademarks protection, we also have the Government Decision no. 975/2016 on the management of state-owned trademarks for alcohol production and Government Decision no. 852/2001 on the use of state-owned trademarks. The State Agency for Intellectual Property registers the trademarks declared state property, based on the applications submitted by the relevant ministries and departments following the legislation's provisions. State trademarks are registered and managed by the state through its public institutions and are offered for usage to third parties based on license agreements.</p>	<p>guidelines” that would specify the colour codes and rules of how the “Made in Moldova” is to be used by Moldovan on their websites, products packaging, and other media.</p> <p>Another way may be the bottom-up approach – to design a brand initially for eCommerce of Moldova, with the relevant assessment and/or certification program to use, and, at the later stage to design the “Made in Moldova” umbrella brand.</p>	<p>Agency (MIA); AGEPI; MoEI</p> <p>/Economic Council (MRECR/MOE-05)</p>	<p>Moldova” brand and, therefore, the country promotion</p> <p>2. Assured support from the Government for Moldovan export businesses</p>	
43.	<p>Import One Stop Shop (IOSS) registration for export in EU by Made in Moldova</p> <p>Creation of the joint possibility for Moldovan SMEs for export in EU via registration of the IOSS - EU for non-EU businesses following facility. Specialized NGOs could be the initiator for the local SMEs' pool for post-delivery and EU VAT registration via IOSS.</p>	<p>Reduction of the costs for export on the EU market</p>	<p>MoEI, MIA, specialized NGO</p> <p>/Economic Council (CEEC /CH4/1)</p>		
44.	<p>Consider the development of an advanced digital</p>	<p>The Government to consider</p>	<p>MIA; MoEI</p>	<p>1. Ministry of Economy</p>	

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	<p>marketing capacity building program</p> <p>One of the key areas for eCommerce is marketing. The most important tools assuring success are the brand and digital marketing, these are a significant part of the marketplace/eCommerce efforts and budget.</p> <p>As for the brand, Moldova’s marketplaces and e-shops have developed and registered their own brands & brand books; however, the promotion online and offline are quite humble.</p> <p>There is a lack of competence for digital marketing in the Moldovan market, either robust digital solutions or platforms; particularly for eCommerce, only a few players are providing those services.</p> <p>The solutions & digital marketing platforms: in the most cases are used well-known tools like Google (AdWords, Analytics, Tag Manager, My Business); on the mid knowledge level, there are SEO (Search Engine Optimization) and SMM (Social Media Marketing);</p> <p>The customer analytics and digital campaigning solutions mainly developed in-house or based on open source basic software; currently, only several relatively large marketplaces (for Moldova) are starting to use specialized customer analytics and online digital campaigning management software.</p>	<p>the development program for digital marketing; development of the digital marketing educational programs, including analytics and technologies; involving local marketing companies/agencies and universities, development partners, promote the local market for the regional and global players.</p> <p>Benefits:</p> <ol style="list-style-type: none"> 1. Up-to-date educational programs in digital marketing. 2. Rise the local market knowledge and competencies, additional quality digital marketing services offering for the local market, penetration on the regional and global market. 	<p>/Economic Council (MRECR/MOE-04)</p>	<p>and Infrastructure, Ministry of Education to initiate a study for educational programs for digital marketing;</p> <ol style="list-style-type: none"> 2. Based on the findings, plan development for digital marketing educational programs, including analytics and technologies, involving local marketing companies/agencies, universities, and development partners 	
45.	<p>Include e-Fulfilment services development into the existing industrial parks projects</p> <p>The domestic logistics infrastructure in Moldova is operational. The warehousing infrastructure is also established; however, the gap is about the availability of “e-fulfilment” companies that could offer such a service to multiple clients. For now, each company</p>	<p>Modernization of the existing industrial platforms, in order to ensure logistics infrastructure & e-fulfilment operators to be present.</p> <p>To investigate and propose the stimulation for companies</p>	<p>MoEI; MoF</p> <p>/Economic Council (MRECR/MOE-03)</p>	<ol style="list-style-type: none"> 1. MoEI to initiate an analysis of e-fulfilment services provided by operators in neighbour countries and the EU; 2. MoEI, based on the conducted analysis, 	

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	<p>tends to build its own e-fulfilment operations and often even have its own fleet of vehicles and drivers.</p> <p>In addition to the existing 51 multifunctional industrial platforms, there is a Government initiative to build an additional 16 in regional and low-developed areas.</p> <p>As soon as Moldova is a relatively small country, only a few companies are able to build and support large infrastructure & logistics services. And, those services usually are carried out only for their own activities. Or, the logistics only is provided by operators(i.e., Posta Moldovei, Muvi Express, Nova Poshta) - no operator is providing full-cycle, effective e-fulfilment for many eCommerce companies, i.e. starting from the integration with eCommerce platforms, payments tracking, pick and pack the goods, with deliveries, managing returns.</p>	<p>practicing e-fulfilment activities as well.</p> <p>Benefits:</p> <ol style="list-style-type: none"> 1. A practical, optimized service for the eCommerce merchants. The small to medium, and even large merchants, will pass the orders processing, pack and delivery to specialized e-fulfilment operators rather than building own infrastructure. 2. ECommerce transactions and turnover growth. 		<p>elaborates the detailed plan for the e-fulfilment services infrastructure and operators' stimulation and promotion; involve private companies, assure pilot launch.</p>	
46.	<p>Considering the development of Fiscal/Logistics/Marketing e-Export corridors</p> <p>Several Moldovan companies export their goods and services through a Romanian entity. These activities imply additional costs and timing but can provide quicker market access.</p> <p>A solution to that could be to set up a coaching program to assist Moldovan SMEs with getting EU VAT numbers. Additionally, Moldova could request from Romania to remove the requirement for a resident fiscal representative and allow Moldovan companies to apply for a Romanian EU VAT number.</p> <p>Moldovan entrepreneurs can then mutualize their traffic and negotiate recurrent and long-term routes with Moldovan freight partners, for the following suggested routes:</p>	<p>Promotion of the existing capacities and opportunities:</p> <ul style="list-style-type: none"> - Registering and using a VAT number from EU countries - Building logistic corridors between Chisinau and specific EU cities - Registering with EU online marketplaces & payment solutions (using the EU VAT certificate) <p>Benefits:</p> <ol style="list-style-type: none"> 1. An easier and less costly way for Moldova companies to 	<p>MoF (Customs Service, State Tax Service); MoEI</p> <p>/Economic Council (MRECR/MOE-07)</p>	<ol style="list-style-type: none"> 1. MoF and MoEI initiate an analysis for the opening of new export opportunities and logistics channels for Moldovan companies/SME, identify and develop the optimized procedures. 2. MoF and MoEI initiate the discussions with the Government of Romania for the exemption of Moldovan companies from the obligation to open a local representative office to get an EU VAT No. 	

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	<p>- Air Freight: In cooperation with Moldovan Airlines, a group of SME can access a preferential price for the traffic of at least 2T per week towards Frankfurt, Paris, and London. This mode is useful for high-value/low-volume products or for premium perishables. The target value to use this line is products that have €30/Kg retail value and above.</p> <p>- Road Freight: Moldovan exporters could benefit from the existing road flows towards the EU and use their EU VAT numbers to streamline their import administrative costs. Chisinau>Dresden route offers the most cost-effective fiscal-logistic entry point to the EU. This mode is suitable for almost any type of product, starting from products that have a €10/Kg retail value.</p> <p>- Maritime Freight: In cooperation with Danube Logistics SRL, a weekly or monthly schedule could be established to cover the Giurgiuleşti – Passau (Germany) line, allowing Moldovan producers to export almost any commodity to the heart of the EU within 5 days only and at a great price.</p> <p>At the International fiscal level, it is to be noted that the United Kingdom, Germany, France and the Czech Republic have removed the requirement of having a local fiscal representative for VAT purposes. This exemption for non-EU companies means that a Moldovan SME can apply for and obtain “FOR VIRTUALLY FREE” an EU VAT number in any of the cited countries. Having an EU VAT number opens a fiscal and legal way for Moldovan exporters to import their products by themselves into the EU and distribute at wholesale and retail levels without the need for an EU intermediary.</p> <p>Being fiscally registered in the EU also opens access to</p>	<p>export.</p>			

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	EU based payment solutions, and EU based e-fulfilment and logistics providers otherwise non-accessible for a Moldovan entity. The outcome will result in the establishment of new export channels				
47.	<p>Encourage Direct to Consumer business model for SMEs</p> <p>Moldovan producers have limited production capacity to compete with “industrial” production levels of many economies. The Direct to Consumer model (D2C) is a differentiation technique and a more accessible and rewarding business model for SMEs.</p> <p>Such types of eCommerce startups are thriving, for instance, in the US and allow the companies to create higher margins through brand recognition.</p> <p>The principle advantage of Direct-to-consumer is its focus on customers, which provides stronger brand loyalty. Good relations with the customers are necessary for this situation and bring more loyal customers and keep a high retention level. Direct-to-consumer enjoys lower costs compared to physical retail, as it has reduced the number of different business components like employees, purchasing cost, mailing confirmation, renting or establishing a physical store</p> <p>The acceptable outcome would be a launched pilot, with the participation of at least 5-10 SME, acting in eCommerce</p>	<p>Consider the development of this model joined with the development “Made in Moldova” brand, allowing to optimize efforts and resources for the coordination and promotion.</p> <p>Benefits:</p> <ol style="list-style-type: none"> 1. Higher margins and brand exposure 2. Experience for strengthening customer loyalty management for the SMEs 	<p>MoEI; ODIMM; MIA</p> <p>/Economic Council (MRECR/MOE-06)</p>	<ol style="list-style-type: none"> 1. MoEI, ODIMM and MIA to initiate a feasibility study for the D2C model for the Moldovan SME 2. MoEI MIA, based on the conducted analysis, elaborate and launch the pilot for selected eCommerce SMEs. 	