



INFO BULLETIN

Economic Council to the Prime Minister of the RM

January 2022

The first legislative package for the digitization of the economy was adopted

On November 11, 2021, the Parliament adopted the first legislative package for the digitization of the economy in the final reading.

The document comes to implement a series of key actions from the "Roadmap for boosting the process of digitization of the national economy and development of e-commerce", developed by the Economic Council to the Prime minister with the support of development partners: European Bank for Reconstruction and Development, International Finance Corporation, United States Agency for International Development, German International Cooperation Agency, UK Government Fund for Good Governance.

By voting this legislative package it was possible to undertake:

Exclusion of the obligation to notify as a personal data operator

Such a notification was needed by any company that processes personal data in an automated or manual filing system. These data refer to information about the consumer, employee, his salary, residence, etc.

The range of actions to ensure the protection of personal data is so wide that it is very difficult for entrepreneurs to comply with all the requirements established by the National Center for Personal Data Protection (CNPDCP), and a cumbersome authorization procedure to obtain the status of personal data controller, was institut-

ed, which could take months. Amendments made by Parliament exclude the obligation of authorization as a personal data controller and establish a procedure similar to that applied in the EU area, which makes it easier to apply the legislation without eliminating the data protection requirement.

Another key legislative change in this area is that citizens will be able to give their consent to the processing of personal data not only in writing or by applying the advanced qualified electronic signature, but also through a variety of other ways used at the European level.

This will remove the obstacles in the development of ICT solutions and e-commerce in remote interaction with the consumer.



Digital signing of employment contracts

The subject of signing digital contracts arose during the pandemic period, when relations between the employee and the employer underwent changes, employers were forced to send their staff home and work with them remotely, etc. All these changes in the work relation between the employee and the employer also imply changes in the employment contract, however, the legislation did not clearly stipulate that the amendment of contracts can be made remotely, by applying the electronic signature. The employer was obliged to notify the employee by handwritten signature about any change in labor relations, through a handwritten signature of documents in two copies. The amendment voted by the MPs offers the possibility to businesses and citizens to use the electronic signature in the establishment of labor relations, if necessary, while the notification could be made through several methods that confirms the receipt of information by the employee.

Authorities will issue documents in electronic format as a priority

Although businesses and individuals have the right, according to the Law on electronic signature and electronic document (91/2014), not to come physically to state institutions to pick up or present documents requested on paper, this was nevertheless blocked by several legal provisions. The draft law, voted by the MPs, clearly stipulates the obligation of public authorities to use the electronic signature and the electronic document in their activity, in parallel with the traditional method - for those who are not technologically ready. The refusal to provide public services in digital format, where the necessary investments were made, will be penalized, according to the Contravention Code. Unconditional acceptance of electronic documents and signatures is extremely important in the context of challenges posed by the pandemic, say representatives of NGOs.



On-line registration and amendment of company's incorporation documents

Amendments voted by Parliament will allow entrepreneurs to register their businesses online, make changes to the company's incorporation acts online, and liquidate the business online. Previously, in order to make changes to the incorporation documents of the business, the entrepreneur had to physically go to state institutions. In the last two years, however, due to pandemic restrictions, many entrepreneurs have been stranded abroad or quarantined, and the fact that they could not remotely make all the necessary changes has severely limited their economic activity. Thus, the legislative changes will require authorities to accept the remote registration and liquidation of the business and make changes to the incorporation documents by using the electronic signature and electronic documents.

Unilateral recognition by the Republic of Moldova of the e-signature of the EU

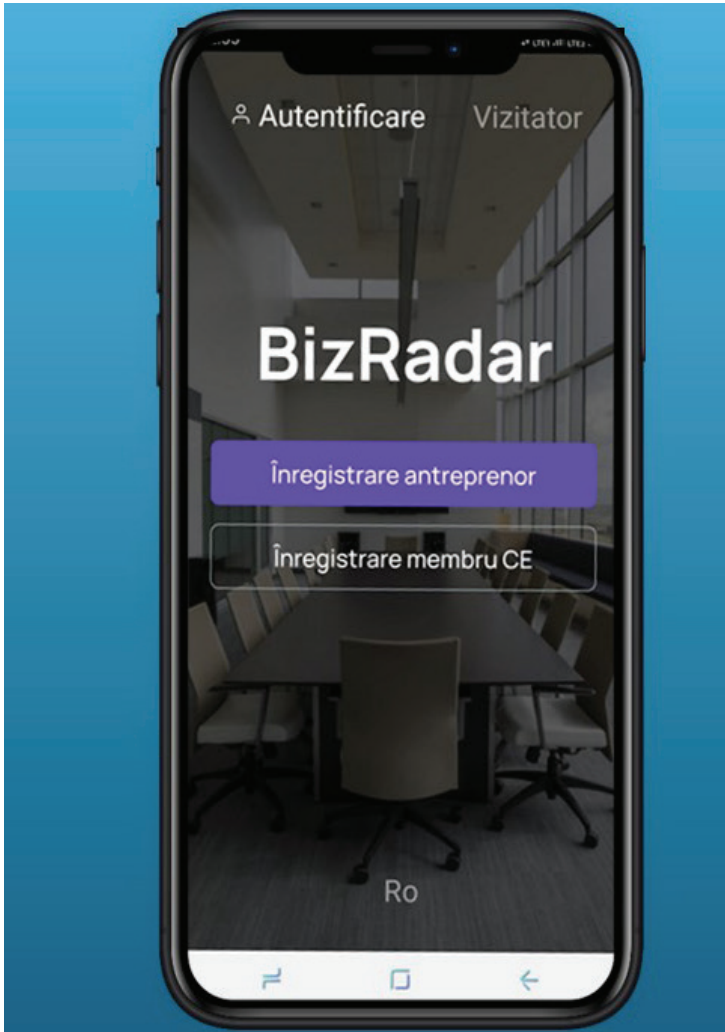
Republic of Moldova unilaterally recognizes advanced qualified electronic signatures issued in the EU through legislative amendments. This provision will allow investors from the EU and Moldovan citizens established in the EU to remotely sign documents in the Republic of Moldova and use documents signed electronically in the EU states, which are no longer issued by the authorities on paper. This, according to the authors of the document will allow the capitalization of an enormous potential to attract investments from EU area to Moldova and reduce the constraints of foreign investors already operating in Moldova, as well as allow the diaspora abroad to interact remotely with the authorities in the country.

The First Package of digitization of the economy also allows

Obtaining advanced qualified electronic signature in Moldovan consulates abroad; introducing electronic power of attorney in relations with public authorities; facilitating remote registration on the portal of public procurement and subsequently of electronic public procurement; use of electronic documents in other important areas for business, including in relations with public utility companies (suppliers of natural gas, electricity, water/sewerage, communications, etc.).

BizRadar app, registered on Google Play and Apple Store, available to the public

The virtual business community application "BizRadar" was registered by Google and Apple.



Thus, the application becomes accessible for all members of the Economic Council and for all entrepreneurs in Moldova, who can download and install it from Google Play and Apple Store. The application has already been downloaded on the mobile phone by several members of the Economic Council community, but also by administrators of Moldovan enterprises. BizRadar was developed at the initiative of the Secretariat of the Economic Council and is the first application of its kind in the Republic of Moldova. Through the application, members of the Economic Council and managers of private companies have the opportunity to be up to date with the most important news regarding the regulatory framework in the economic area, participate in surveys about the state of affairs at the moment and the challenges in different sectors of the national economy. Members of the BizRadar community can come up with proposals to overcome these problems, which will immediately come to the attention of the government and the Prime minister of Moldova, this source being a short and efficient way of interaction to contribute and improve the decisions of authorities on various topics related to the development of a favorable business environment. BizRadar also offers the opportunity to assess the interaction of business with state institutions. Based on provided estimates, a general score of institutions will be formed to measure the performance of their activity and motivate state authorities to continuously improve their services, thus bringing their contribution to the development of the business climate in the country. Also, through the application, entrepreneurs can report abuses of power by state institutions without revealing their identity.

Launch of the Consultative Council for digitization of the economy – iCouncil, under the aegis of Deputy Prime Minister Iurie Turcanu

On October 29, 2021, the Advisory Council for digitalization of the economy - iCouncil was created. iCouncil will be chaired by Deputy Prime Minister for digitization, Mr. Iurie Turcanu and serve in the Economic Council to the prime minister, while the ICT Association will provide the vice-chairmanship of the iCouncil. At the launch event of the iCouncil, Iurie Turcanu said that "all issues related to the digitalization of entrepreneurship and the economy will be discussed jointly with business in this format – on the platform of the Economic Council.

The objective of this working body is to debate both topics with immediate effect, as well as strategic ones aimed at digitization, proposed to the government for consideration". The first topic to be promoted within the iCouncil will be the second legislative package on digitalization of the economy. It will contain new digital tools designed to simplify G2B, B2B and B2C relationships. Representatives of the community of international development partners and business associative sector, participants in the meeting, supported the creation of the Consultative Council for the digitization of the economy, expressing hope that this entity will accelerate all processes related to the promotion of the digitization of the economy and the interaction of business with authorities.





The evaluation and improvement of the quality of normative acts identified as problematic by the authorities and the business community was launched

At the indication of the Prime minister issued on December 15, 2021, the process of identifying problematic normative acts was launched, which will be subsequently evaluated in order to improve their quality, in order to reduce the unjustified burden on the business community, citizens and reduce risks of corruptibility.

Proposals for such acts are collected from ministries, but also from all members of the Economic Council. The process will take several months and end with the development of amendments to improve evaluated normative acts.

Possible solutions to support and protect domestic producers are discussed

Business community and authorities are looking for solutions that would support domestic producers in the process of marketing products in retail chains in the country. This topic has been on the agenda of both state institutions and entrepreneurs since 2017. Domestic producers want to sell their products in retail networks in Moldova, the latter showing, in some cases, reluctance to these requests, especially when it comes to small producers. Representatives of stores say that they cannot accept domestic products, if they do not assure continuity of products supply, their necessary quality and quantity. In 2019, authorities seem to find a solution, making changes in the law of internal trade by requiring supermarkets to supply 50% of the shelf with domestic products.

It is just that this provision did not solve the situation, some domestic producers, especially the little ones complaining about the fact that their products are not sold in stores. So, in 2021, the topic resurfaced, and possible solutions in this regard were being sought. Business community and authorities have already come up with some proposals. Most representatives of the business community call for the transposition of EU Directive 633 on unfair business-to-business commercial practices in the supply chain. Thus, the Ministry of Economy came up with solutions to take over the most current provisions of this directive in order not to admit unfair practices in trade, which it presented at the meeting of the Economic Council. Taking over the provisions of the EU Directive is aimed at ensuring a transparent and fair market primarily in the interest of the consumer, says Economy Minister Sergiu Gai-bu. Minister of Agriculture and Food Industry, Viorel Gherciu said that the institution he heads is thinking about creating specialized shopping centers in which to sell domestic agricultural products. Another idea is about the development of state programs to help promote domes-



tic products, including abroad. All these proposals, as well as other that will come to the Economic Council, will be discussed, so as to find optimal solutions to support domestic producers.

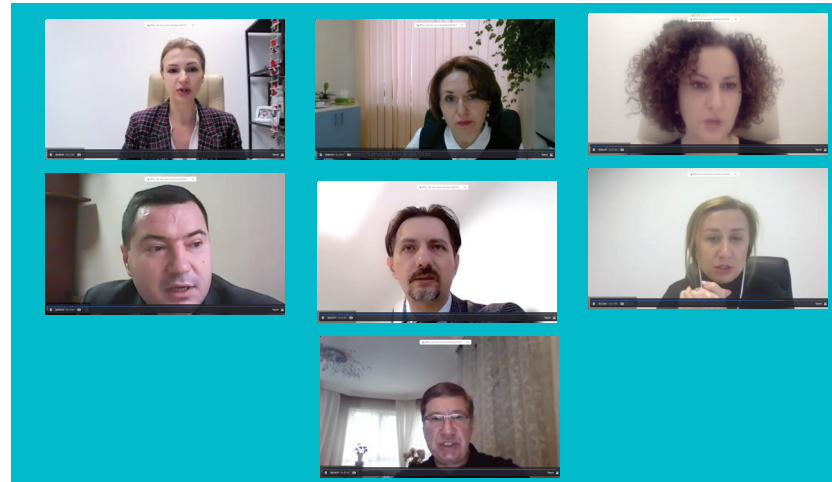
Ministry of Economy asks entrepreneurs to come up with proposals to amend the legislation on insolvency

The Ministry of Economy intends to propose to the government new legislative amendments related to the insolvency processes of enterprises. This is after the Moldovan business community affected by the consequences of the pandemic alerted a number of problems related to default and insolvency procedures. This topic was discussed on December 14, 2021 in the Working Group of the Economic Council "elimination of constraints in business activity".

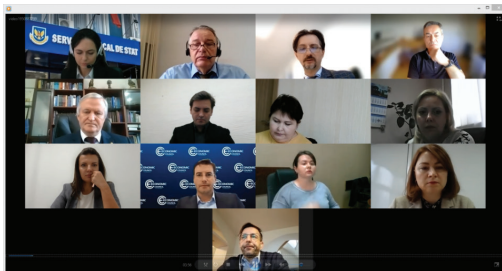
Representatives of business community noted that the COVID pandemic has changed the economic model of many companies, entrepreneurs rethinking the way they build their business to preserve assets, employees and customers. This process has proved to be very difficult and in many cases causes default on payments. And default on payments is the path to insolvency. In a crisis period, this phe-

nomenon - the default on payments is extremely dangerous, say businessmen, that leads, first of all to the closure of the company and to layoffs of staff. The representatives of business say that they face several problems related to the lack of a minimum threshold from which creditors would request the initiation of insolvency proceedings, delaying the deadlines in the process, evaluation of the assets pledged by the bank, non-compliance with the restructuring procedure plan, etc.

Minister of Economy Sergiu Gaibu urged the business community to come up with concrete proposals to amend the insolvency law, which will be examined and integrated into a new draft law amendment, in order to make it simpler and clearer how to initiate and carry out the insolvency process.



Within the SMEs Advisory Council, the concept of the national program for promoting entrepreneurship and increasing competitiveness for the years 2022-2026 was presented, as well as proposals for short-term solutions identified for SMEs at the moment



The concept was presented at the Economic Council on December 17, 2021. Among the priority areas of the Program is the improvement of the normative framework to regulate the activity of small and medium-sized enterprises and increasing the access of enterprises to financial resources. By implementing the National Program for promoting entrepreneurship and increasing competitiveness for the next 5 years, it is also proposed to help SMEs in order to create jobs, stimulate female entrepreneurship and invest remittances in the national economy. At the meeting, the Secretariat of the Economic Council presented proposals to reduce the disproportionate regulatory burden on SMEs compared to large enterprises. Proposals, identified by the Secretariat, following discussions with the business community, aim at a series of amendments to the normative framework that would favor the development of small and medium-sized enterprises in the country. This document is to be supplemented with other proposals from the business community, donor institutions and state institutions. These short-term proposals should be proposed for monitoring and coordination by the SME Council in the form of a roadmap, and some will also be included in the Action

Plan of the National Programme for promoting entrepreneurship and increasing competitiveness. The National Program for Promoting Entrepreneurship and Increasing Competitiveness for 2022-2026 is developed with the support of the EU project team, which provides support to the authorities in drafting the document. The representative of the EU Delegation Gintautas Baranauskas attending the event noted that "a vibrant SME sector is essential for a healthy and competitive economy. This is why the EU provides assistance to the Republic of Moldova, which focuses mainly on SME support. And during the pandemic this became even more important." Attending the event, Economy Minister Sergiu Gaibu said that "dialogue with small and medium-sized enterprises is a fundamental objective of the Ministry of Economy. We want this Council to become a functional platform that provides optimal support and advice to SMEs, so that their voice is heard". The Advisory Council of Small and Medium-Sized Enterprises operates within the Economic Council to the Prime minister of the Republic of Moldova and is chaired by the Minister of Economy and Liliana Busuioc, Executive Director of the Employers' Association Alliance of small and medium-sized enterprises of Moldova is vice-president.



A partnership agreement was signed between the Project "Technologies of the future" and the Secretariat of the Economic Council

The event took place on December 30, 2021. By signing this Agreement, parties agreed to unify their efforts in promoting reforms to digitize the economy and promote e-commerce in Moldova. Among the main topics in the joint agenda will be the identification and implementation of solutions for the topics in the Roadmap to boost the process of digitization of the national economy and development of e-commerce. The document was prepared by the Ministry of Economy, jointly with the Secretariat of the Economic Council, based on the requests of the business community of Moldova. The project "Technologies of the future", funded by USAID and Sweden, is a catalyst for the modernization and innovation process in the information and communication technology, engineering, light industry, creative and digital media industries in the Republic of Moldova. The partnership agree-

ment was signed between the director of the project "Technologies of the future", Doina Nistor and the head of the Secretariat of the Economic Council to the Prime Minister of Moldova, Ion Lupan. Brian K. Wittnebel, Deputy director of the economic growth Office of the United States Agency for International Development in Moldova (USAID), present at the signing event, noted that "USAID is happy to join efforts to support a business environment conducive to the digital economy and e-commerce, which are top priorities for the Government of the Republic of Moldova and the business community". For her part, Director of the project "Technologies of the future", Doina Nistor expressed confidence that by signing this Agreement, parties can contribute to the intensification of digitization processes in the Republic of Moldova in various sectors, which will allow the creation of jobs, stimulate innovation and accelerate the adoption of e-commerce and the digital economy. Ion Lupan, Head of the Secretariat of the Economic Council to the Prime Minister of the Republic of Moldova, stressed during the event that the technologies of the future, the digitization of economic processes have become extremely important and topical



for the Republic of Moldova, and the international support and expertise that the project "Technologies of the future" will be able to provide to achieve the objectives promoted by the Economic Council will help promote reforms in the field of digitalization of the economy."

Moldova misses at least \$ 800 million in migrant savings annually

About 30% of Moldovan migrants living abroad save about 800 million dollars annually that they spend on goods and services in the countries where they are located. This is what the data presented on December 3, 2021 at the meeting of the Economic Council to the prime minister by Dumitru Vicol, an expert in financial markets, residing in London. Dumitru Vicol said that by 2025, Moldovan migrants' savings will grow significantly, and the Moldovan government should think about methods and tools that would allow the capitalization of this money for the national economy. The issue is that at the moment there is no data showing which economic areas can attract these financial resources or what kind of adjustments of nation-

al legislation are needed to attract these investments. Thus, during the meeting of the Economic Council, a pilot of the innovative methodology for measuring the economic impact of the diaspora beyond remittances was launched in the Republic of Moldova. The methodology will help both the government and the private sector understand in which areas of the Moldovan economy migrants could still invest in the long term. Members of the Economic Council should deliver the necessary information in the process of developing the innovative methodology for measuring the economic impact of diaspora beyond remittances. The results of this exercise, as well as proposals to capitalize on Diaspora investments will be communicated in early 2022.

