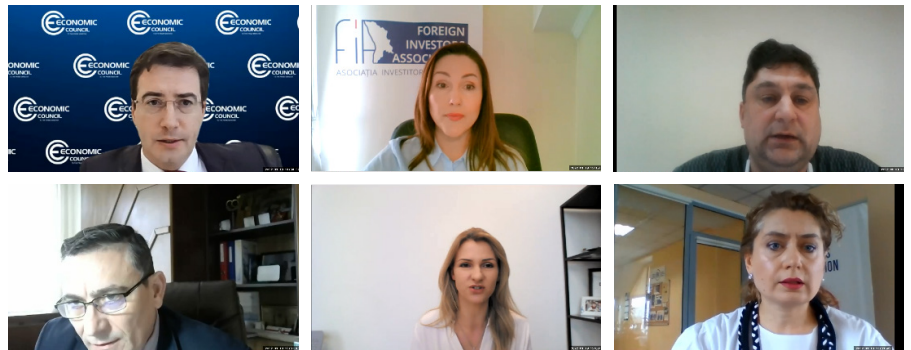
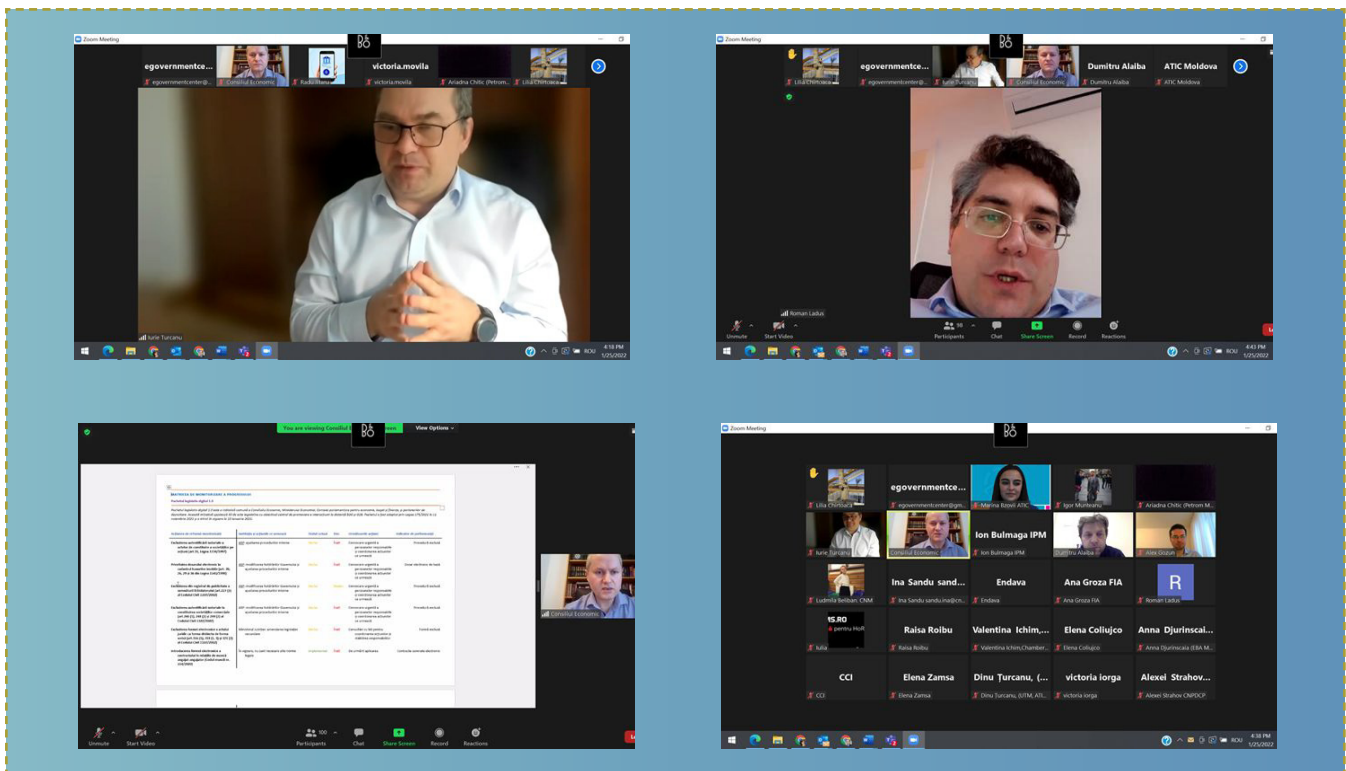


At the beginning of 2022 the epidemiological situation in the Republic of Moldova worsened due to the spread of the Omicron variant of COVID-19 infection and the rapid increase in cases of diseases among the population. Prime Minister of Moldova, Head of the Executive, Natalia Gavrilita, announced about this on January 19, 2022, during consultations with representatives of business associations, members of the Economic Council. Given the alarming figures of infections- 2681 cases during a day - Prime minister discussed with representatives of the associative sector potential measures to support enterprises and employees during the state of emergency in public health, as well as potential new rules for the prevention and control of COVID-19 infection in the immediate period. The Prime minister also stressed that the Government understands very well that this period is very difficult for business as well, as the prices for heat and fuel have increased. The opinion of business community regarding the potential measures undertaken by the state is very important, Natalia Gavrilita added. Representatives of business associations mentioned the need to promote compensation mechanisms, including for technical unemployment, reduced

Prime Minister Natalia Gavrilita discussed about the epidemiological situation and measures to support citizens and businesses with business associations



activity regime of employees, and compensation for parents who stay at home with children who are learning online. At the same time, business community called for discussions with authorities on the deductibility of employers' expenses related to preventing the spread of COVID-19. In this regard, Minister of Labor and Social Protection Marcel Spataru presented a set of measures developed by the state that support business community and employees. Among these are the granting of compensations for days off for vaccination, days off and allowances to employees with children who learn online, the granting of allowances to employees in technical unemployment and the recommendation for a reduced activity regime. That information can be found at the address on www.declaratie-electronica.fisc.md. Deputy Prime minister Iurie Turcanu said at the meeting that provisions related to digitalization of the economy that allow remote registration of businesses already entered into force, including changes in the charters of companies; issuance of permits in electronic format; use of electronic signature in labor relations. Digitization also serves as an effective tool in the fight to prevent the spread of COVID-19. An example can also be the creation of the possibility of quick scanning <https://certificate-covid.gov.md/> of COVID-19 certificates, in order to verify their validity, the deputy Prime minister said.



New legislative changes are being prepared to digitize the economy

Digitization packages 2.0 and 3.0 provide for legislative changes in the field of notary activities and e-commerce. On January 25, 2022, Deputy Prime Minister for digitization Iurie Turcanu, announced about it during the Advisory Council for digitization of economy- e Concil”, of which he is chairman.

According to Iurie Turcanu, the legislative proposals in their first iteration regarding the digitization of some notary services for the business community have already been presented to stakeholders, and at this stage they are being finalized on the platform of the Economic Council. The purpose of amendments is to technologize relations between the notary and the businessman, especially regarding the delegation of certain powers of attorney and the processing of certain types of transactions using digital tools. Although the topic has generated a variety of opinions, we cannot innovate in this sensitive area for business, Iurie Turcanu said. The third legislative package concerns e-commerce.

The document aims to bring clarity in terms of stimulating the development of the cashless economy, implicitly of electronic commerce; providing institutional and normative support to the development of the Fintech sector in the Republic of Moldova; and implementing innovative alternative instruments to support the development of electronic payments. According to Iurie Turcanu, there is now a screening of laws on e-commerce, internal trade and consumer protection, in order to align them with the current provisions on online sales.

The chairman of the Parliamentary Committee on Economy, Budget and Finance, Dumitru Alaiba, who attended the meeting, said that the Parliament is open to receiving and promoting initiatives that come to modernize and facilitate economic activity. It is important

that these initiatives are developed jointly with the business community and bring the best international practices in the field to our country.

The fact that the deployment of more digital innovations in vital areas is delayed only makes our country less competitive and less attractive for investment. These inconsistencies must be removed as quickly as possible, the MP said.

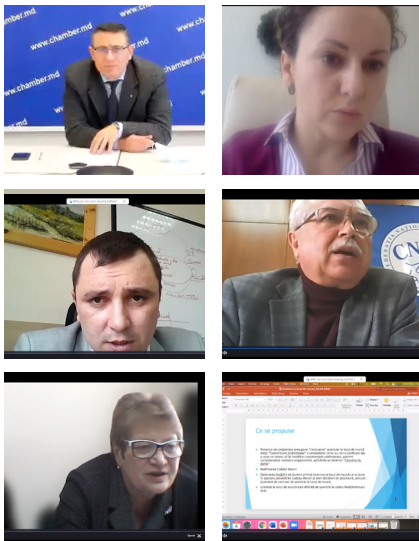


The first solutions to facilitate remote work are discussed

Members of the Economic Council to the Prime Minister discuss solutions to facilitate remote work. Today, Moldovan employers face problems in paying salaries to their workers who work remotely in another country.

The main issue is that at the end of the month, when the employer has to transfer the salary of his employee abroad, it is difficult for him to withhold taxes related to the salary, i.e. income tax, social insurance contributions and medical insurance contributions because the foreigner employed does not have the personal tax code (IDNP), while social insurance contributions and medical insurance contributions can be paid by a person holding IDNP, while the income tax is possible to be withheld by the employer based on the series and passport number of the respective employee.

During the meeting from February 3, 2022, as a solution to this problem the contracting or remote employment of foreign citizens through service contracts was discussed, by excluding the obligation to have signed delivery and acceptance documents, and the transfer of VAT and its refund. Another solution discussed was the employment of foreigners through individual employment contracts stipulating the payment of social and medical contributions. At the same time, it is proposed to reduce the liability for health and safety at work and pay the salary in foreign currency for those who work remotely. Attending the debates, representatives of state institutions said that these proposals require a thorough analysis so that the rights of employees are respected. At the same time, the budget of the Republic of Moldova should not suffer by losing potential income from remote employment contracts concluded with foreigners abroad. All final proposals discussed are to be compiled into a document that can be taken into account when drafting regulatory changes.

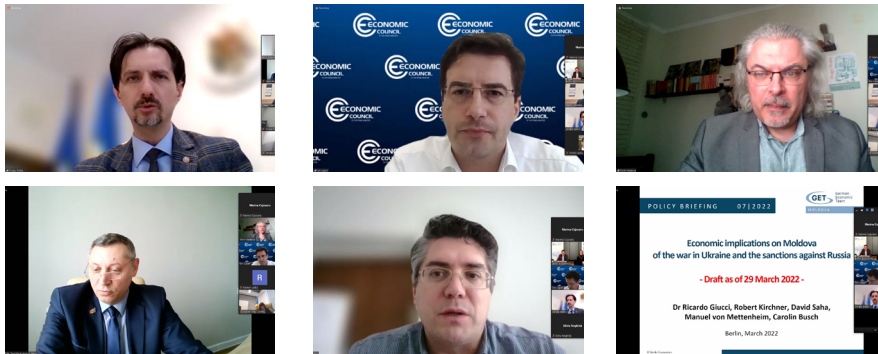


The authorities and business community are discussing the draft amendment of the Labor Code and the draft government decision on apprenticeship at the work place that would bring clarity in the regulation and application of this type of non-formal pre-professional training. The discussions took place within the Economic Council to the Prime Minister of the Republic of Moldova on February 4, 2022. Apprenticeship at the

People who do not have a professional qualification or want to change it, will be able to do apprenticeships on the job

work place involves training people within the enterprise (potential employer) according to the skills required by this employer, as a result of which, the apprentice acquires professional skills and has the opportunity to become an employee. Currently, the Labor Code regulates apprenticeship at work, but in a confusing form, and it not being widely applied by businesses. One provision of the Labour Code stipulates that the apprenticeship contract is governed by the Civil Code, and another stipulates that Labour Law applies to apprentices, including legislation on Occupational Safety and Health, with the employer having to provide the apprentice with all the guarantees they would offer to an employee. On the other hand, a person can only become an apprentice if he is looking for a job and does not have a professional qualification, that is, he does not have an accredited degree program. The addenda draft implies the "relaunch" of apprenticeship at work as a "professional conversion" of people who have no qualifications or those who want to change their professional competences (e.g. become an IT specialist from a cook, or vice versa). In the context of the shortage of skilled labor, companies are ready to train staff on their own. Thus, proposed amendments foresee, among other things, the broadening of the type of subjects that can apply for apprenticeship at work, i.e. not only those without professional qualifications or those registered as unemployed, but any person older than 18 years. The objectives of proposed amendments are: prepare the staff necessary for employers by the former according to the needs of the enterprise; raise the level of employment and adapt the labor force to the needs of the economy; reduce the financial burden of the state in terms of unemployment benefits; provide the opportunity for persons who already have a qualification to acquire completely different new professional skills, and certify them, provide the possibility for personnel without any qualification to acquire professional skills and obtain a job appropriate to their capabilities. Being discussed with business community and representatives of state institutions, proposals for amending the Labor Code and the draft government decision on apprenticeship at work will be proposed to the government for approval.

The first meeting of the Working Group on coordination of anti-crisis economic solutions took place



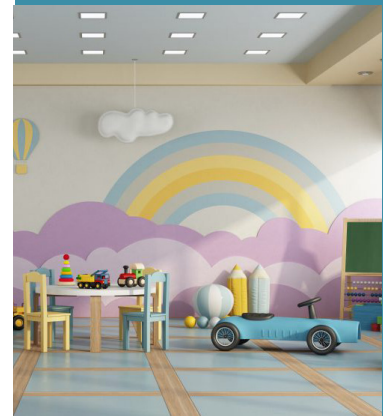
The war in Ukraine and the economic sanctions imposed on Russia are hitting Moldova's economy. In 2022, exports to Russia could fall by \$ 190 million, which could affect GDP by 1.6%. The biggest impact would be on the export of apples. These are the conclusions of the study "Economic implications of the war in Ukraine and sanctions against Russia on Moldova" conducted by the German Economic Team and presented on April 1, 2022 in the Working Group on coordination of anti-crisis economic solutions.

Attending the meeting of the working group for coordination of anti-crisis economic solutions, economy minister Sergiu Gaibu stressed that the data presented by German experts suggest that we are not in a position to wait for things to return to what we had before the crisis in Ukraine. We need to act in the context of a new economic order in Europe. We must think about new projects, strategies and concepts in order to face the challenges, said Sergiu Gaibu. Some solutions are being worked out, the experts of the Secretariat of the Economic Council said at the meeting. With the support of the project "Technologies of the future", funded by USAID and the Government of Sweden, a study was developed on the consequences of the war in Ukraine on the economy of the Republic of Moldova with the presentation of resilience measures.

More details were presented about the impacts, including by economic sectors, generated by exports and imports, rising prices for energy resources, disruption of value chains, reorientation of transport corridors, etc. In order to mitigate the economic shock, experts propose reorienting exports to new domestic markets and consumption, dampening the increase in prices for energy resources and fertilizers, replacing imports with local production, especially in the case of dairy products and poultry meat. Experts also propose diversifying tools to stimulate SMEs and attract investments to the smart economy, i.e. IT.

Experts say that the state in some cases will have to resort to prompt measures of regulatory changes, which will come to the support of business community. In other cases, financial support will be needed. Additionally, a need for access to finance for investments in the economy was identified. These and other anti-crisis measures are to be discussed at the technical level, in detail, with public authorities, members of the Working Group and business community.

When measures are agreed with which all stakeholders agree, they will be submitted for analysis to the Commission for exceptional situations of the Republic of Moldova and to the Prime Minister.



Employers will be able to open nurseries for employees' children on the premises of enterprises

A draft law to this effect was passed by Parliament. The document provides for amendments to the Labor Code to be supplemented with a new article, namely: "in order to ensure the reconciliation of professional and family life, the employer can provide its employees with child care services aged 0-3 years, according to the normative framework approved by the Government". At the same time, it is proposed to specify in the Education Code that "care services for children aged 0-3 years can be provided by employers for the benefit of their employees, at unit level with the support of all related expenses from the unit's own means, according to the normative framework approved by the government". After the entry into force of new provisions, the government within two months, must bring its relevant normative acts in line with the new amendments and adopt normative acts allowing the implementation of the law. With the support of UN Women, a number of proposals are being worked on in this regard, such as the law on nursery vouchers and the regulation on the organization and operation of care services for children aged 0-3 years offered by employers. The need to create Early Education Centers for employees' children is promoted by UN Women Moldova, which discussed this topic on the platform of the Economic Council to the Prime Minister. In discussions with the business community and representatives of state institutions, it was mentioned that the opening of children's centers inside companies would encourage women to return to work until the expiration of maternity leave. The topic is part of the roadmap on women's Economic Empowerment, developed by the Secretariat of the Economic Council under the Prime Minister of Moldova, with the support of UN Women and with the financial support of Sweden.

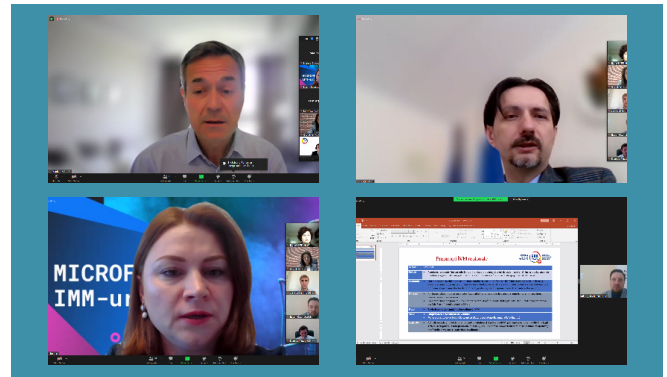
Authorities take measures to foster the creation and functioning of Small and Medium-Sized Enterprises

The draft of the National Program for Promoting Entrepreneurship and Increasing Competitiveness for 2022-2026 and the Action Plan were presented at the SME Advisory Council.

The document, developed within the EU project "Rural SME Policy Support Window", at the request of the Ministry of Economy focuses on 5 directions: a favorable business environment for the creation and functioning of SMEs; strengthening culture and entrepreneurial capacities; improving SMEs' access to finance; improving competitiveness and access to markets and facilitating technological exchange and innovation.

In order to achieve the objective of creating a favorable business environment for the functioning of SMEs, the authors of the project propose a series of actions including ensuring arbitration and settlement of commercial disputes, creating the possibility of online registration of companies, digitizing customs procedures and implementing an early warning system to prevent bankruptcy of the company implementation of the "Second Chance" program for SMEs the objective of strengthening culture and entrepreneurial capacities involves the implementation of actions such as promoting female entrepreneurship, migrant and youth entrepreneurship, developing the program to support family businesses and the social entrepreneurship program.

According to the expert team of the Rural SME Policy Support Window project, in order to implement the third principle improving SMEs' access to finance, the following recommendations need to be implemented: strengthening the capacities of SMEs and future entrepreneurs in financial education to encourage responsible borrowing and lending, and raising SMEs' awareness of the resources and financial instruments available for the different stages of SME growth. In order to achieve the fourth objective of improving competitiveness and access to markets, it is necessary, among other things, according



to the program, to promote SME access to export markets, support for clustering initiatives and SME retooling.

And in order to facilitate technology exchange and innovation, a technology transfer programme for SMEs needs to be developed, additional capacities of Science and Technology Parks and research incubators are created, and SMEs should be made aware of the protection of intellectual property rights.



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