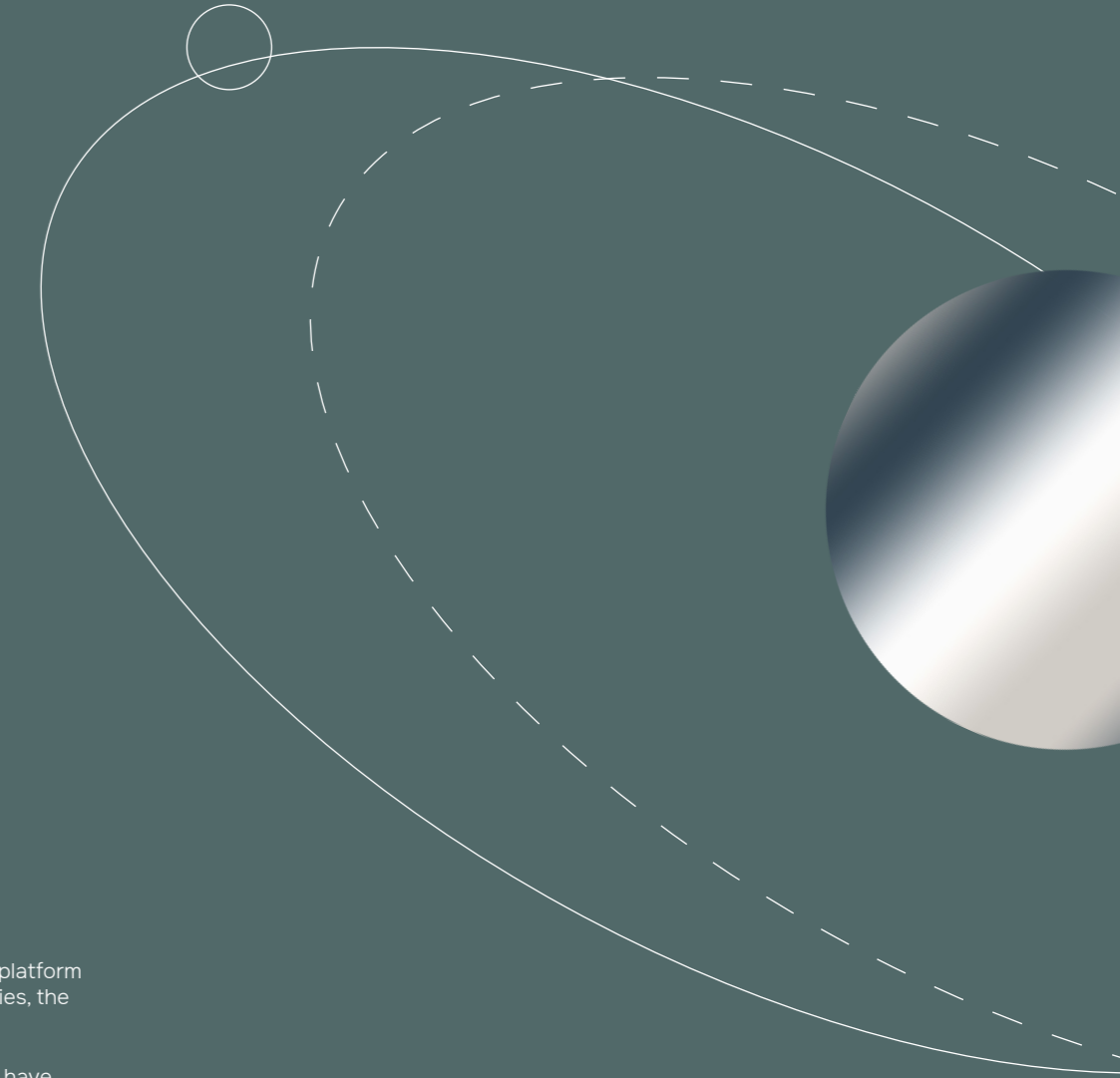


ANNUAL REPORT 2023

A *Decade of Reforms*



The Economic Council to the Prime Minister of the Republic of Moldova is a platform for debates that ensures dialogue and cooperation between public authorities, the business community, development partners, and the research community.

For 10 years, the Council has grown into a community of 145 members, who have provided solutions and expertise for more than 200 issues and initiatives.

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Top 10
Achievements
in 10 years

Simplifying procedures for launching a business

Although the one-stop shop for business registration was launched in 2012, entrepreneurs still had to provide information to several state institutions, including the State Registration Chamber, the National Bureau of Statistics, the State Tax Service, the National Office of Social Insurance, and the National Health Insurance Company.

The internal regulations were not adapted according to the legislation, which was reported to the EC Secretariat in 2014. Subsequently, during only 4 consecutive months, the procedure for registering a business was simplified from 5 steps to 1 step, and the duration was reduced from 5 days to 1 day, after the internal regulations of the relevant institutions were adapted. Estimates indicate that this reform resulted in annual savings of approximately 480,000 lei for the business community.

Reducing the number of documents required for customs clearance of imported/exported goods

The Customs Code and Government Decisions in the customs area did not explicitly define the list of documents required for customs clearance and only contained a general rule that customs declarations submitted to the customs authority had to be accompanied by the documents required for customs clearance - about 20 in number. After the intervention of the EC, the Customs Service revised the Regulation on the Application of Customs Destinations with the aim of reducing the number of documents required for customs clearance of goods imported/exported to Moldova. The number of documents accompanying the customs declaration was reduced to 6. The reform, which was promoted with EC support, saved the business community 40 million lei per year.

Reform of business permits

The reform of business permits was carried out in 2016-2017. This involved reducing the number of permits from 416 to 149 and making numerous amendments to the legislation on business permits, which significantly reduced the regulatory burden in this area.

The Ministry of Economy and Infrastructure, with the involvement of the Economic Council and technical assistance from the International Finance Corporation (World Bank Group), prepared the legislative amendments that were later approved by Parliament. The IFC estimated that this reform has resulted in annual savings of about 240 million lei for Moldovan businessmen.

Fewer procedures in obtaining work and residence permits for foreign worker

Following the reform, promoted in 2018, the decision to extend or grant the right to work or stay to foreign citizens is taken within 15 days, instead of 100 days, as it was before the reform. And the completion of documents and issuance of the permit is carried out within a period of up to 7 days. The number of documents migrant workers have to present has been reduced from 10 to 6.

The cost of a visa for Moldova has been reduced to 40 euros. The employer's responsibility for the foreigner invited to work in Moldova has also been increased, in order to prevent the creation of illegal migration channels for foreigners from countries with a high migration risk. According to the World Bank, this reform has resulted in annual savings of at least 21 million lei in the country's business environment.

State inspections reform

In 2016-2017, the Ministry of Economy, with the technical assistance of the International Finance Corporation and the involvement of the Economic Council, promoted the reform of the state inspections of businesses, which reduced the number of bodies responsible for inspection from 58 to 18 and introduced requirements for more transparent, predictable and efficient control with a lower burden on entrepreneurs.

The experts of the EC Secretariat contributed to the elaboration, consultation and promotion of the reform in the Government and Parliament.

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Launching one-stop-shop for companies' reporting

In 2018, the one-stop shop (raportare.gov.md) for online reporting was launched. The one-stop shop was created on the tax reporting platform, through the cooperation of the Ministry of Finance, the State Tax Service, the National Bureau of Statistics, the National Office of Social Insurance (CNAS), the National Health Insurance Company (CNAM), with the support of the EC Secretariat. The one-stop shop allows the online submission of all fiscal reports (101 reports), those to CNAM (2 reports and a tax report), CNAS (1 report and a tax report), the Ministry of Finance (1 report) and 27 statistical and financial reports, which are the most frequently submitted to the National Bureau of Statistics by the largest number of Moldovan companies.

Reducing procedures and bureaucracy in the construction sector

In 2019, the Government approved amendments to a number of normative acts aimed at optimizing regulatory procedures in the construction sector. The most important change referred to the reception of constructions, financed by private investment, where the participation of representatives of mayoralties and some central public authorities was excluded. The changes were a joint effort by the Ministry of Economy and Infrastructure, the Economic Council and Germany's Agency for International Cooperation (GIZ). As a result of the reform, „Doing Business” 2020 noted that Moldova moved up 16 places in the „Dealing with construction permits” section - from 172nd to 156th place.

Study on the impact of the COVID-19 pandemic on economic sectors and Policy Matrix

In March 2020, the EC Secretariat collected 440 anti-COVID-19 requests and proposals from the business community. These related to taxation and reporting, labor relations, financial and banking support measures, state aid and civil contractual relations. Shortly afterwards, the EC Secretariat, with the support of the EBRD and the UK Embassy, started to develop the COVID-19 Pandemic Impact Study on economic sectors and the Matrix of measures.

The document also included the impact assessment of business proposals received in March 2020. The budget costs, the expected budget revenues and the impact on companies' sales were determined. In 2021, the Extraordinary National Commission for Public Health took into account the updated information from the study in the process of developing and approving public health security measures. Some of the proposals in the context of COVID related restrictions and measures were included in the Government's Action Plan for 2021-2022.

▶ TOP 10 ACHIEVEMENTS IN 10 YEARS

Parliament adopted the first legislative package to digitize the economy

In 2021, the Parliament voted on amendments that allow entrepreneurs to remotely register, amend articles of incorporation, and close their businesses. Several rules related to notarial authentication in company management have been simplified, and rules on personal data protection have been liberalized. The authorization for personal data processing has also been abolished. The amendments were developed based on the topics of the Roadmap for the digitalisation of the national economy and the development of electronic commerce', which was elaborated by the Economic Council with the support of EBRD, IFC, USAID, GIZ, and the UK Good Governance Fund.

Rapid assessment of the economic impact of the war and development of an anti-crisis action plan

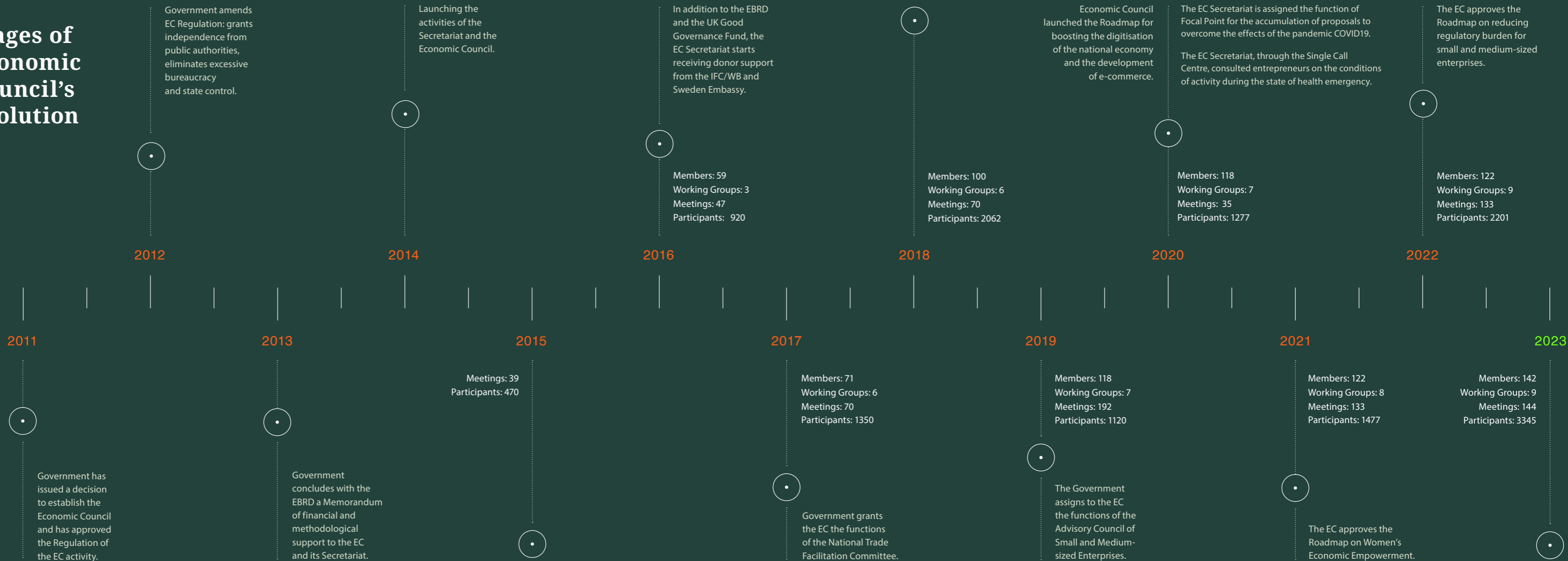
At the request of the UK Embassy, in 2022 the EC Secretariat initiated a study on the economic impact of the war in Ukraine and the development of economic solutions. The study was conducted with the participation of EC members and other stakeholders, being supported by the USAID Moldova Future Technologies Activity project. The activity was implemented within a working group created and coordinated by the Ministry of Economy. Within the study, a set of actions related to improving the regulatory framework was developed, but also actions described in the form of fiches that also involved financial or fiscal support for the business community.

The study was presented to the Prime Minister, and several actions were included in policy documents and implemented by the Government, and project fiches were used in discussions for potential project proposals at important economic forums, such as the Donors' Conference in Berlin and Bucharest.

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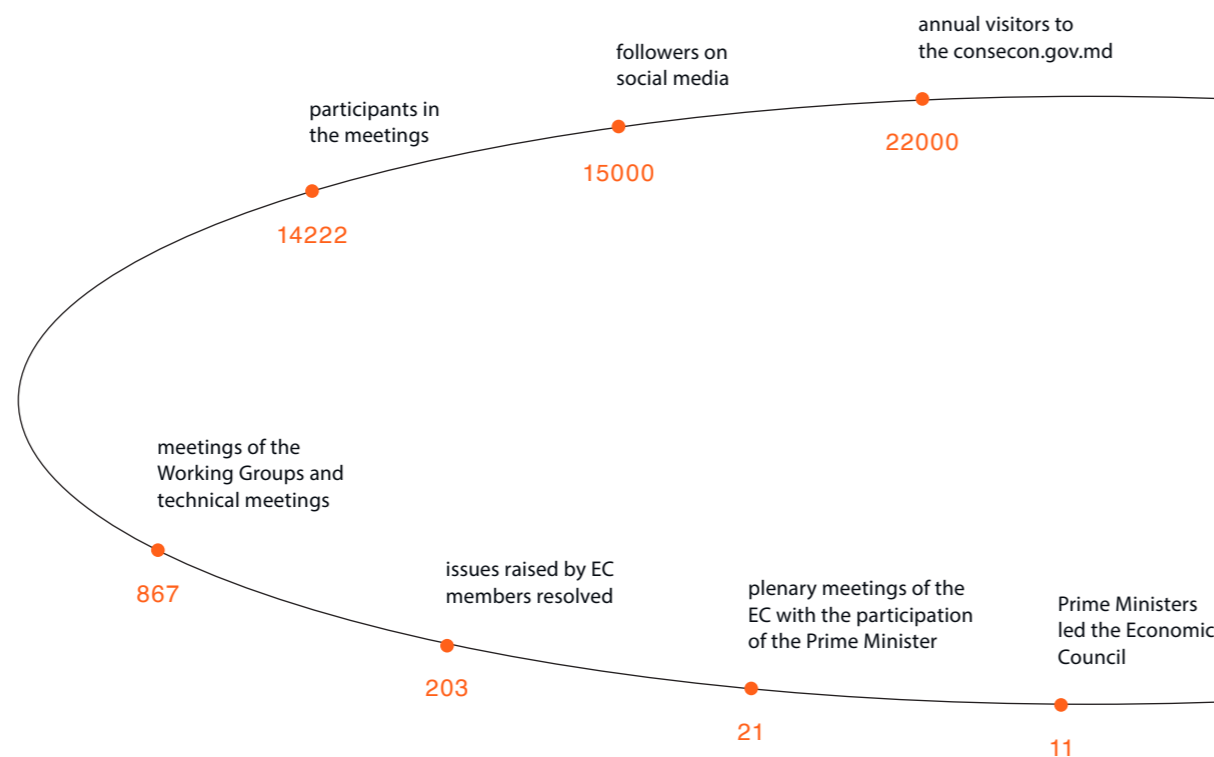
Stages of Economic Council's evolution



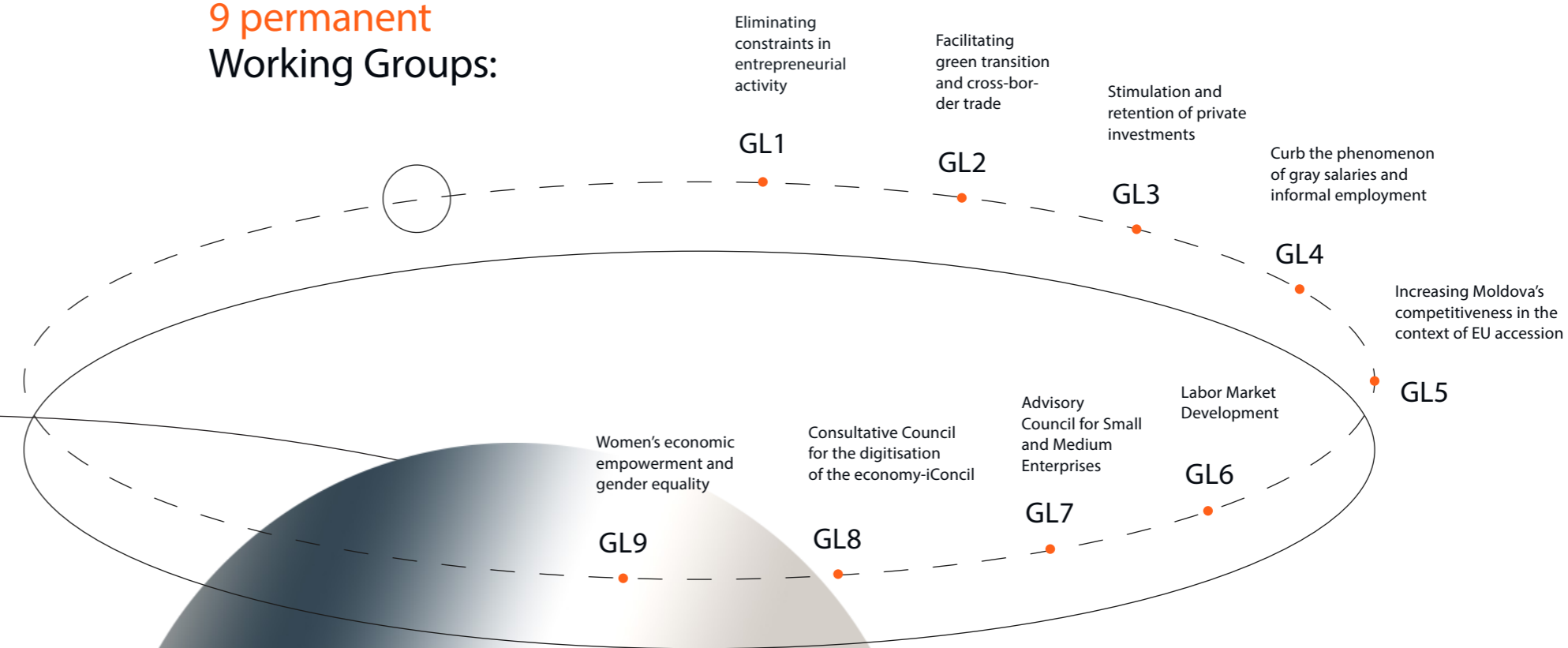
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After a decade of EC's activity:



9 permanent Working Groups:



Economic Council comprises today 145 members:

- 68 business associations,
- 12 representatives of the research community,
- 16 international development partners,
- 49 public institutions.



Our development partners' message

EBRD

2023 was a landmark year for Moldova.



In June, Moldova was granted EU candidacy status, and the European Council decided to open accession negotiations in late 2023. This is a landmark, acknowledging the commitment of the Government of Moldova to embark on the journey of an ambitious reform programme. The Economic Council in Moldova has played, and will continue to play, an important role in Moldova's success.

The Economic Council has been at the forefront of business climate reforms in Moldova for several years. With the support of the EBRD and United Kingdom, the Council has bridged several government changes in the last 7-8 years, maintaining its professional integrity, and is now uniquely positioned to serve as a focal point for the dialogue between senior government and representatives of the private sector. The Economic



CATARINA BJORLIN HANSEN,
Head of Moldova for the European Bank for Reconstruction and Development

Council helps to identify key challenges for businesses and investors and shape the necessary policy reforms to address them. Of complementary importance is EBRD's Reform Support Teams, embedded in the government, which work in close collaboration with the Economic Council, ensuring that the policy reforms facilitated by the Council are effectively implemented by the government (and subsequently monitored and reported on by the Economic Council), closing a reform circular feedback loop ranging from investment climate challenge identification, to policy reform identification, to policy reform implementation, to investment enabling, to reform and investment monitoring and reporting. The EBRD has stepped up its support to Moldova since the start of Russia's war on Ukraine. We have invested just under EUR 1 billion in the country during this period. The policy reforms brought about by the Economic Council have helped unlock some of these investments for us as a Bank, and have enabled us to crowd in private sector investment to new sectors and products. Using the impact of the EBRD's investments as a proxy for measuring total investments in the country, we are proud of the results.

In addition, supporting the Economic Council has granted both the EBRD and the UK unparalleled levels of access and visibility at the centre of the government. This type of exposure and day to day exchange mechanism is a unique public-private dialogue platform.

In my personal experience of working on over 100 sovereign projects across many countries, none of the lending operations have come close to bringing us the kind of access, policy influence or recognition that our support for Economic Councils brings across the EBRD countries of operations.



HE. FERN HORINE,
His Majesty's Ambassador of the United Kingdom of Great Britain and Northern Ireland to the Republic of Moldova

British Embassy



The UK supports a strong, stable and prosperous Moldova. Since 2015, we have been at the forefront of providing targeted financial support through technical assistance for a wide spectrum of initiatives across key areas such as good governance, anti-corruption, and economic growth.

This includes our support for the Economic Council to the Prime Minister - a vital platform that facilitates meaningful dialogue between the private sector, business community and policymakers, aimed at developing a transparent and enabling business environment in Moldova. The Council helps deepen

economic resilience and recovery. Joint efforts between the government and the Council have led to prioritising various initiatives intended to contribute to Moldova's sustainable economic growth.

This work aims to reduce bureaucratic red tape, simplify business operations, advocate for deregulation and digitalisation, advance the growth of e-commerce, and eliminate barriers to the economic empowerment of women. All are crucial steps, which help stimulate economic growth. Significant challenges in 2023, such as the ongoing war in Ukraine, Russia's relentless hybrid aggression against Moldova's European aspirations, and an unprecedented energy crisis, meant economic growth came to a standstill.

As we look towards 2024, I hope even more efficient communication between the public and private sectors continues, including further modernisation of government services and embracing digital initiatives, which support economic growth and enable business environment and investment climate to thrive.

I am optimistic that the ongoing collaboration between the private sector and Moldovan government will continue to yield positive outcomes in the years to come.

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GALINA CICANCI,
*Country Officer for Moldova,
Europe IFC World Bank Group*

IFC

Together with Sweden, we have supported the Economic Council for nearly a decade. To us, the biggest achievement is that the private sector in Moldova now has a venue to meet the Government, voice concerns, discuss solutions, and follow up on progress in a transparent manner. The Council has showcased the hard work that is being done by the business associations and the value of association for businesses. It is paramount that the Council maintains an agenda that is flexible and reflects the priorities of the private sector investors, maximizing its contribution in terms of economic reforms, investments facilitated, job creation, reduction of administrative burden. A decade of work means a decade for a better economy and a better future!



HE. KATARINA FRIED,
Ambassador of Sweden in Moldova

Embassy of Sweden

During 2023, we have been encouraged by the progress made, with the support of the Economic Council, to stimulate economic growth in Moldova despite continued multiple challenges. Joint efforts of the Government, business associations and development partners has been dedicated to build an economy based on entrepreneurship, investment, innovation and export. Several national support programs for different categories of entrepreneurs and deregulation packages has been initiated to reduce costs and barriers for the business environment. Discussions between the government and the business community continued to develop on various platforms. These are all signs of a positive dynamic supporting needed transformative economic reforms and Moldova's EU accession process.

A clear medium-term strategic vision and mechanisms to stimulate economic growth will enable Moldova to create an inclusive economy, where also underrepresented groups such as women, rural residents, diaspora, people with special needs, are supported and enabled to contribute to economic activity and GDP growth.



DANIELA GASPARIKOVA,
*UNDP Resident Representative to
the Republic of Moldova*

UNDP

In 2023 the Republic of Moldova continued to cope with the reverberations of the war in Ukraine and the impact of compounded cost-of-living, energy sector and influx of refugees. Yet, the country ended the year on a high note and tapped into opportunities that any crisis presents. The opening of the negotiation process, backed by an ambitious reform agenda, brings the country closer to the EU and realization of inclusive and green economic development that leaves no-one behind. The Economic Council has played a key role in facilitating an open and continuous dialogue with private sector around improving the country's business environment. At UNDP, we are particularly proud to have supported the Economic Council in promoting de-bureaucratization initiatives that removed a wide range of legislative, regulatory, and fiscal bottlenecks that now allow businesses to respond to crisis in a more agile manner, build further resilience and continue to thrive in the long run.

By steering the policy discussions about a wide range of issues, from promoting SME development, women entrepreneurship to green economy, investment attraction and economic competitiveness, digitalisation and informality, the Economic Council inherently became the Platform for various actors to come together and unite behind the country's priority economic reforms.

At the same time, going forward, UNDP will be supporting the Economic Council to intensify its work and contribute to the country's EU commitments and overall inclusive and green economic growth that benefits all people and the business community of Moldova.

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USAID

USAID is proud of its cooperation with the Economic Council to the Prime Minister, in partnership with the private sector, to help the Republic of Moldova achieve its vision for the economy and EU integration. Together, we have brought improvements to state controls and sanctions legislation to enhance the business environment. We are working together to align Moldova with European requirements for digitalization. Additionally, we have been streamlining regulatory burdens and reducing costs on businesses, in addition to other key legal and regulatory reforms, to create a coherent and accessible legal framework across government institutions.

THE UPCOMING YEAR WILL BE CRUCIAL FOR MOLDOVA, AND THE COORDINATION ROLE THAT THE ECONOMIC COUNCIL IS PROVIDING – IN COOPERATION WITH PUBLIC AUTHORITIES, THE PRIVATE SECTOR, AND DONORS LIKE USAID – IS INVALUABLE TO OUR SHARED VISION FOR MOLDOVA AND ITS SUSTAINED ECONOMIC GROWTH.



JEFF R. BRYAN,
Mission Director USAID Moldova

Embassy of Germany

2023 has been a year of continuing challenges for the Republic of Moldova as the repercussions of the illegitimate and unprovoked Russian aggression against Ukraine still affect the country's economy. At the same time, 2023 has been a year that has brought the country closer to its goal of EU integration. The decision of the European Council of 14 December, 2023, to open accession negotiations with Moldova, has constituted another crucial step forward on this path. As reform processes towards full EU integration continue, the exchange and knowledge transfer between policy makers, business community and development partners remains essential. Since its establishment ten years ago, the Economic Council to the Prime Ministers has been playing an ever more important role as a platform for such an exchange and has profited both the Government and the business community. During the year 2023 the Council maintained a strong focus on digitalization and deregulation initiatives, which means not only less bureaucracy and more remote services on offer but also significant savings for the business partners.

These have been concrete and commendable milestones achieved within the work of the Council. International donors will continue to assist their implementation. Strengthening the Moldovan economy, in particular through the support to small and medium enterprises, and assisting the country in its Green Transition remain two of the focal points of our bilateral cooperation.

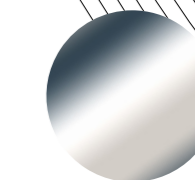


HE. MARGRET UEPPER,
Ambassador of Germany to Moldova



One of our joint successes in 2023 has been the continuation of developing the Organisation for the Development of Entrepreneurship (ODA). I am confident that the Economic Council to the Prime Minister will continue to play a crucial role as Moldova continues on its path of EU-integration.

A Decade of Reforms



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UN WOMEN



In 2023, UN Women continued its collaboration with government, local authorities, CSOs, INGOs, and the private sector to ensure a coordinated response to address the multi-faceted challenges women and girls face. Continuous efforts and sustainable partnerships are paramount in overcoming them. We are thus pleased to reflect on the milestones achieved through our joint efforts with the Economic Council in shaping a comprehensive roadmap for women's economic empowerment in Moldova.

We gained tangible results, including increased economic opportunities for women, improved financial literacy, and a more supportive ecosystem for women-owned enterprises. The Economic Council's commitment to this shared vision has been instrumental in driving positive change. Challenges still persist, however, leveraging collective resources and expertise will bring impact and sustainable progress.

Moving forward, UN Women is dedicated to developing flexible programs that address the evolving needs of women in the face of socio-economic uncertainties, ensuring that our interventions remain effective and impactful.



DOMINIKA STOJANOSKA,

*Country representative
UN Women Moldova*

Romanian Embassy



2023 was a challenging year both for the government and for the business environment. The pandemic, the energy crisis and the massive influx of refugees caused by the unprovoked and unjustified military aggression of Russia in Ukraine, combined with hybrid war and disinformation impacted directly the economic growth of the Republic of Moldova. Despite all these difficult circumstances, the bilateral relations between Romania and the Republic of Moldova are more active than ever. The constant dialogue at different levels between the government and the business community regarding the adjustment of the regulations was more active than in the past.

The Economic Council to the Prime Minister represents the link between the public and private sectors. Similarly it is an important voice for the interministerial consultations, with the aim to improve the business and investment climate in the Republic of Moldova. The involvement of the private sector in the decision-making process regarding the economic, fiscal and trade matters has a significant impact on the Republic of Moldova's European integration agenda and brings more transparency in the governing process, thus increasing



HE. CRISTIAN-LEON ȚURCANU,

*Ambassador of Romania to
the Republic of Moldova*

the trust from the business community. Romania is the main trading partner of the Republic of Moldova. Over ten thousand jobs were created through Romanian direct investments. Through their presence in the Economic Council to the Prime Minister, Romanian companies bring added value by offering their expertise in public policy making, by identifying key issues and needs of the business community, and acting as a true social partner. I particularly appreciate the strides made in the digitalization of the economy, in the promotion of renewable energy projects and the reducing of red tape, in company law, competition policy, financial services, consumer protection, enterprise police and so on. These are fundamental achievements that in a foreseeable future will help local companies perform better in an increasingly competitive environment.

On the occasion of the European Council on 14-15 December 2023, the EU Member States decided to open accession negotiations with the Republic of Moldova and Ukraine, once the relevant steps set out in the Commission's recommendations of 8 November 2023 have been taken. This is a historic decision which Romania strongly support.

The Embassy of Romania will continue supporting the Economic Council to the Prime Minister, as part of our unwavering commitment to help the pro-European authorities as well as the business community of the Republic of Moldova, to make full use of the commercial opportunities and the effective integration into the single European market.

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Message from the Heads of Working Groups

2023 turned to be another year of intense and productive cooperation of business associations and state authorities with the support and expertise from the Economic Council Secretariat. We are particularly happy about the "SRL" Law reform, making our corporate legislation one of the most progressive in Europe. AmCham legal community could be part of the effort and allocate significant contribution to the conceptualization and writing of the law. We also appreciate the drive in the process of digitization of the economy, and de-bureaucratization of business.

Continuous reduction of excessive bureaucracy and digitalization become even more important, as it decrease the cost of doing business in Moldova and makes our investment country offer more competitive. Energy security and access resources, alongside with the promotion of energy from renewable sources was one of the 2023 topics of great interest for AmCham community and should be maintained on Council's agenda.

Considering the significant development in the Republic of Moldova after EU leaders recently decided to open accession negotiations with Ukraine and Moldova, harmonization with EU legislation will need a strong coordination effort and the Economic Council is a perfect Public Private dialogue platform to host it.

Mila Malairau,

Executive Director of the American Chamber of Commerce in Moldova, Chair of the Working Group „Removing Constraints on Entrepreneurial Activity“



Mariana Rufa,

Executive Director of the European Business Association in Moldova, Chair of the Working Group „Facilitating Green Transition and Cross-Border Trade“

Dear Colleagues, as the Executive Director of EBA, I am honoured to chair Working Group 2 in the Economic Council to the Prime Minister. Our focus is on implementing the Green Transition Agenda and Trade Facilitation. These areas have gained even greater importance due to Moldova's achievement of Candidate Country status for accession to the European Union and the launch of the negotiation process.

For 10 years, our Working Group has worked together to promote legislative changes related to the green economy, extended producer responsibility, and trade facilitation between the Republic of Moldova and the European Union. We have also been involved in harmonizing the Customs Code and providing support to businesses

in applying secondary and tertiary legislation. As part of these efforts, we have successfully promoted provisions related to simplifying certificates for phytosanitary products. Through electronic submission, we have successfully amended and simplified customs valuation legislation. We have also promoted the principle of risk management for non-animal product imports and actively worked to decongest transport flow at the EU border. This includes trucks exporting perishable goods and maintaining strategic partnerships between Moldova and the EU based on Just-in-Time contracts. We have also obtained certificates of conformity. As the Moldova-EU integration agenda gains momentum, the working group's role in improving the business environment and developing the economy will become more crucial. Business is a reliable partner of public authorities in this process.

Let's work together towards a European future at home!

Ana Groza,

Executive Director of the Foreign Investors Association, Chair of the Working Group „Stimulation and retention of private investments“

Dear Colleagues and Friends, Please accept our heartfelt congratulations on this beautiful anniversary of the first decade of activity. FIA's collaboration with the Economic Council to the Prime Minister stands solid throughout all the 10 past years, full of prodigious work and great achievements.

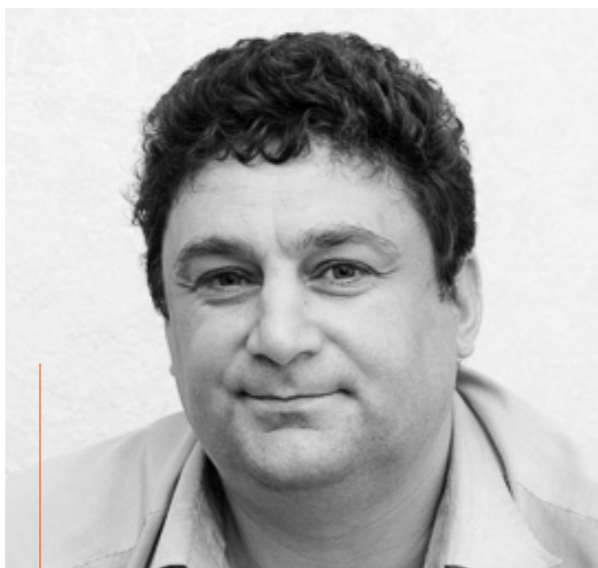
Having the support of the brightest minds in the person of ConsEcon's experts, any challenges to the business environment seem easier to overpass. To many more anniversaries, achievements and great results!



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Message from the Heads of Working Groups



Vladislav Caminschi,

Executive Director of the National Confederation of Employers of the Republic of Moldova, Chair of the Working Group "Curb the phenomenon of grey salaries and informal employment"

The Economic Council to the Prime Minister is a crucial platform for facilitating dialogue and collaboration among the government, business sector, and other economic stakeholders. Its goal is to address economic challenges, develop strategic priorities, and formulate policies to promote sustainable growth and development by bringing together policymakers and key experts.

The Economic Council facilitates stakeholder meetings and discussions to exchange ideas, share perspectives, and provide input on various economic issues facing the country. This collaborative approach ensures that policies and initiatives are well-informed, responsive to the needs of the economy, and aligned with the government's overall development goals. Furthermore, the Economic Council plays a crucial role in promoting transparency, accountability, and consensus in the policy-making process. By involving a diverse range of stakeholders, including representatives from the private sector, academia, civil society, and international organizations, the Council enhances the credibility and legitimacy of economic policies and reforms.

Overall, the Economic Council to the Prime Minister serves as an effective platform for promoting dialogue, cooperation and informed decision-making in support of the country's economic development objectives.



Dan Nuțiu,

Executive president of the Association of Romanian Investors, Chair of the Working Group „Increasing the Competitiveness of the Republic of Moldova in the Context of EU Accession”

It is an honor and a privilege to be part of this team! Within the Economic Council to the Prime Minister, we found a conducive climate for the support and development of the business environment in the Republic of Moldova. The Council has demonstrated its resilience in the case of multiple successive crises but also the power to offer solutions and overcome the fragility of the current situation.

Over the years, it has effectively responded to the demands launched by the business environment and contributed to the application of good practices as well as to the successful implementation of projects and legislative regulations. Great admiration the team of the Secretariat, which throughout

throughout this period showed exemplary professionalism, an impressive capacity to face challenges and, last but not least, a remarkable human quality!

I wish the Economic Council to the Prime Minister many years ahead, full of extraordinary results and to always remain a beautiful example of cooperation between the authorities and the business community.

Sergiu Harea,

President of the Chamber of Commerce and Industry of the Republic of Moldova, Chair of the Working Group "Labor Market Development"

The year 2023 was a memorable one for the chamber system and more than 1100 members of the CCI RM, as we marked 105 years since chamber foundation. Currently, the CCI RM is the official representative of national business, it is a member of the International Chamber of Commerce and the European Association of Chambers of Commerce (EUROCHAMBRES). Through its activity, the CCI of the Republic of Moldova actively contributes to the development of the business environment on the platform of the Economic Council to the Prime Minister, which promotes dialogue between the public and private sectors and brings together all interested parties in solving the problems of entrepreneurs in the country.

Annually, the CCI RM, which holds the presidency of Working Group no. 6 (GL6) „Labor Market Development, within the Economic Council to the Prime Minister, organizes debates on the most current topics concerning the contractual relations between the employee and the employer. Thus, in 2023, the working group examined topics such as: Labor market forecast and Barometer of employment



opportunities; the normative framework related to measures to support economic agents that stimulate labor productivity through sports vouchers and meal vouchers; the initiative to optimize the excessive taxation of the salary fund in the national economy; the program and action plan on the social inclusion of NEET youth, family-friendly workplace policies, etc. Dual vocational technical education (VET) is also included in the CCI RM portfolio, and we are happy to announce that in 2023, for the first time, the first 26 economic agents benefited from compensation worth 3.5 million lei from the state. The allowances for compensating the costs of organizing and carrying out professional training programs through dual education were distributed proportionally to the number of trained students and in accordance with the financial means used during the study year by the economic unit.

For the year 2024, the CCI RM aims to strengthen its efforts, especially in the context of the launch of negotiations for the accession of the Republic of Moldova to the EU and jointly with the Economic Council to Prime Minister to support entrepreneurs in the development of businesses and the promotion of local products on the domestic market and International.

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Message from the Heads of Working Groups

In every country collaboration between the business and authorities is essential for the prosperity and economic development of the country. The Economic Council serves as a public-private dialogue platform, ensuring constructive cooperation between the business sector and the government. We became members of the Economic Council from the beginning of our activity. Over the past 7 years, we act as partners in building a better business environment and contributing to economic development. Throughout this period, we achieved measurable results that bring added value to our community but also contribute to the overall empowerment of SMEs. We highly appreciate our collaboration with the Economic Council. It is a partnership that produces results, creates impact, and contributes to the development and prosperity of the Republic of Moldova.

We extend our best wishes to our colleagues from the Economic Council wishing them a lot of success and remarkable achievements.

Liliana Busuic,

Executive Director of the Employers' Association Alliance of Small and Medium-Sized Enterprises of Moldova, Vice-Chair of the Working Group "Advisory Council for Small and Medium Enterprises"



Marina Bzovii,

Executive Director of the Association of ICT Companies of Moldova, Vice-Chair of the Working Group „Advisory Council for Digitisation the Economy - iCounsel"

The iCouncil's activities hold significant value, representing a crucial platform where proposed business initiatives are thoroughly examined. It serves as a pivotal space where authorities and the private sector collaboratively engage in discussions to address challenges and devise solutions for advancing towards a digital economy and world. This the primary platform for political dialogue and strategic collaboration, is highly attentive to the imperatives of digitalization. Through concerted efforts and proactive measures, we are committed to promoting initiatives that harness digital solutions to boost the economic trajectory of the Republic of Moldova. The

iCouncil is dedicated to creating a favorable regulatory environment that encourages innovation, protects digital rights, and stimulates investments in transformative technologies. As a result, the iCouncil plays a vital role in shaping the trajectory of digital transformation, ensuring a resilient and forward-thinking approach for the Republic of Moldova.

Established in November 2021, the Advisory Council for the Digitization of the Economy (iConsiliu) operates under the Economic Council to the Prime Minister of the Republic of Moldova. The National Association of ICT Companies serves as the vice-president of this council, emphasizing its central role in steering the digitization agenda.

We believe in the power of women to drive the economic growth. As we look at global trends, we see women inclusion in the economy is unfolding at an unprecedented pace. We aim making Moldova the best country in Eastern Europe for women to live, work and do business. Moreover, the equal participation of all, women and men, in economic and entrepreneurial activity will ensure a sustainable economic development of our country, this being a priority for the Ministry of Economic Development and Digitalization. The Economic Council is the most important platform addressing economic inclusion at a high level. Two years ago, the Council established the Working Group on Women's Economic Empowerment, which I had the honour to lead a year later.

This Working Group has given impetus to the business community and state institutions to rethink their vision and approach to the topic of women's economic empowerment.



Veronica Arpintin,

State Secretary at the Ministry of Economic Development and Digitalisation, Chair of the Working Group "Women's economic empowerment and gender equality"

Taking significant steps towards a future intertwined with the EU, we have pro-actively engaged civil society, business leaders, and academia into the consultation and decision-making processes for women economic empowerment and entrepreneurial activism development. We express our deepest gratitude for the unwavering support of everyone involved. We are thankful to the Economic Council's dedication to women economic empowerment, offering the best path to seize the opportunities that lie ahead in this area with enthusiasm and innovation.

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Dumitru Alaiba,
Deputy Prime Minister, Minister of Economic Development and Digitalisation, Chair of the Working Group „Advisory Council for the Digitisation of the Economy - iCouncil”

Message from the Heads of Working Groups

DUMITRU ALAIBA

The Economic Council has played a pivotal role for a decade already, bringing together the business community, state institutions, development partners and research organizations to solve problems that had remained unresolved, including for years. Those outstanding problems were leading to poor business activism, insufficient investment, reduced productivity resulting in economic underdevelopment and a negative impact on people's well-being. Thus, among the various reforms that have improved the business environment in Moldova, which were initiated and promoted with the support of the Economic Council, I can mention the removal of the stamp requirement in G2B and B2B relations, the reduction of business permits types, the reform of work and residence permits for foreigners, the inspection bodies reform etc. These and many other reforms have saved entrepreneurs hundreds of millions of lei.

Together with the Economic Council, we managed to launch 5 packages to cut red tape last year. In 2023, simplifying procedures will save businesses the equivalent of 0.5% of GDP. Our target for 2024 is the equivalent of 2% of GDP per year. I am confident that these and many other reforms will bring further savings of hundreds of millions of lei to the business community. Today, the EC continues to serve as

a platform for public-private dialogue, bringing together all the stakeholders, allowing for the identification of legislative solutions that take into account the needs and concerns of businesses. Open consultations with business associations from various sectors of the economy increase the legitimacy and acceptance of further legislative decisions. This constant public-private dialogue, mediated by the Economic Council, is absolutely crucial if we intend a relatively fast harmonization with EU rules and standards. The involvement of business representatives in the legislative drafting process reduces the risk of unexpected negative impacts and contributes to a smoother implementation of new regulations, thus accelerating Moldova's integration into the European family.

I am proud to have been involved in launching the EC and its Secretariat 10 years ago. And I want to thank the EBRD, UK and Swedish Governments, IFC, UNDP, USAID and other international development partners for supporting the Economic Council activities and the structural reforms of the Moldovan economy. So, as we reflect on a decade of the Economic Council's impactful work, I am grateful for the collaborative efforts of all the stakeholders that are transforming Moldova's economic landscape.

With the continued support of our international partners and the dedication of all the parties involved (public and private), I am optimistic that the Economic Council will be persistent in its mission, contributing to a favorable investment climate and propelling Moldova towards sustainable prosperity and integration into the European community.

ECONOMIC COUNCIL'S
ACTIVITIES IN 2023

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*SAVINGS
OF 50 MILLION LEI*

following the approval of the
Deregulation Package 1

On 11 May 2023, Parliament passed Law No. 112, which includes legislative changes aimed at reducing unjustified state requirements on entrepreneurs. The new law eliminates the need for employers to approve internal regulations and draw up pre-contracts. Additionally, IT companies can now hire specialists on a fixed-term contract. The record keeping and reporting to military centers on potential recruits has been excluded. Additionally, the 'blue passport', which is a permanent medical record containing the results of multiple medical examinations and other information, has been eliminated. This bureaucratic burden was causing difficulties for more than 30,000 employees in the HORECA and other sectors. To support the growth of small businesses, the process of changing the use of residential blocks to commercial/service purposes has been simplified. These changes, along with others, will result in annual savings of at least 50 million lei. The law was drafted by the Ministry of Economic Development and Digitalisation with the support from the EC Secretariat and assistance from the United Nations Development Programme experts.



Deregulation of Business Activity

*BENEFITS OF
500 MILLION LEI*

thanks
to the Deregulation Package 2

In November 2023, the Parliament adopted Law No. 325/2023, the Tax and Customs Deregulation Package, which is expected to generate economic benefits of at least 500 million lei annually to businesses. The law includes several provisions, such as the elimination of cash register records keeping, an increase in the amount considered as tax arrears from 100 to 500 lei, and the right to deduct VAT for purchases up to 2000 lei just based on the receipt, when paying with a business card.

Additionally, the minimum amount of tax or customs liability that can be contested in dispute resolution boards has been decreased and other changes that benefit the business community were introduced. Ministry of Economic Development and Digitalisation drafted the law in cooperation with the Ministry of Finance, with the support from the EC Secretariat, UNDP, and GIZ.

*SAVINGS OF
71 MILLION*

The Deregulation Package 3

It includes changes to horizontal legislation related to state inspections. Among other things, the amendments expand the areas of application of the law, correct the powers of inspection bodies according to the areas of state inspection, introduce contraventions related to inspectors for the application of measures and sanctions that are not expressly provided for by law, and introduce many other provisions beneficial to the business community. The amendments aim to reduce the risks of sanctions for businesses and the compliance burden in the state inspection process. Experts estimate that the package could save entrepreneurs 71 million lei annually. The package is expected to be proposed for approval in early 2024. The project is promoted by the Ministry of Economic Development and Digitalisation, with support from the Economic Council Secretariat and assistance from the USAID/MISRA project.

*183 MILLION LEI
OF BENEFITS*

to be generated for businesses by
the Deregulation Package 4

The deregulation package 4 was approved by the Government on 10 January 2024 and submitted to Parliament for adoption. The package amends 12 laws to remove constraints and reduce the regulatory burden on business activity. It also includes provisions for recognizing commodity exchanges from EU countries and modernizing commodity exchange legislation. Additionally, the proposed changes simplify the process of connecting to public utilities, remove the complaints book, and provide other benefits to the business community. If approved, the legislative package is expected to save businesses 183 million lei annually. The Ministry of Economic Development and Digitalisation is promoting the package with the support from the Economic Council Secretariat and assistance from UNDP. The Secretariat of the Economic Council has begun developing deregulation packages 6 and 7. Proposals from all stakeholders, especially the business community, have been collected, analyzed, and will be used to draft regulatory change

*BUSINESSES WILL
SAVE 50 MILLION LEI*

Following the approval of the
Deregulation Package 5

The Deregulation Package 5 was approved by the Government as Decision No. 831, dated 1 November 2023. The Decision includes several provisions that benefit the business community. These include the exclusion of medical examinations for adaptation, mandatory medical examinations for employees who use computers and other visually tracked devices, and doctor records made in the roadmaps. Additionally, the Decision grants access to subsidies for additional rural tourist accommodation facilities, such as rural houses, tourist pensions, and handicraft establishments. The project is expected to generate savings of more than 50 million lei per year. These normative changes were developed by the Ministry of Economic Development and Digitalisation in cooperation with the EC Secretariat and with the support of UNDP.

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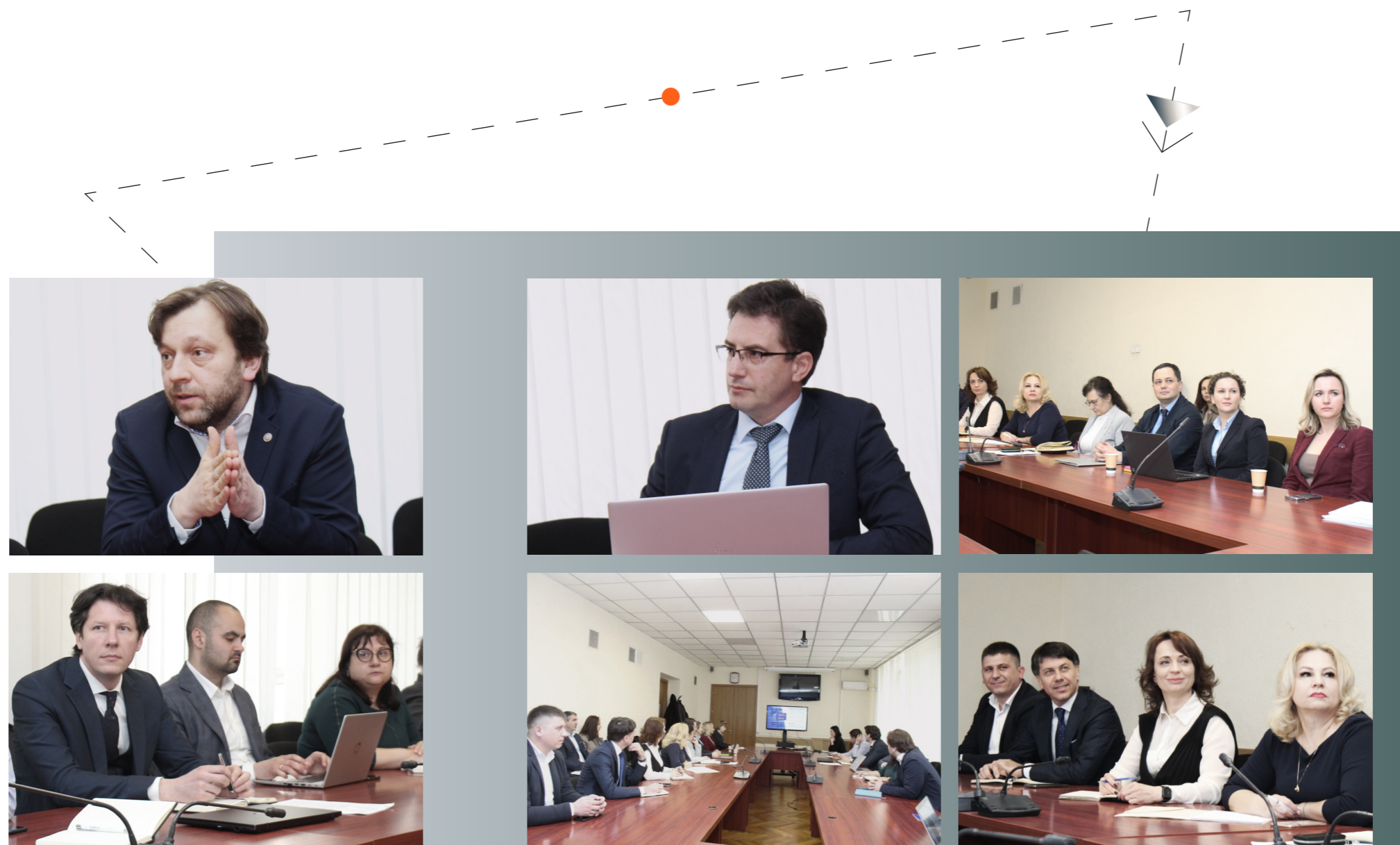
Parliament adopted new opportunities for the activity of the Limited liability companies

On 31 July 2023

Parliament adopted the draft law introducing reforms to the regulation of the relationship between partners/founders of limited liability companies. The document provides new opportunities and rights for partners, as well as simplifies some bureaucratic procedures. The new regulations provide for several changes, including the removal of the threshold for the maximum number of partners in a limited liability company, simplification of registration procedures through a single memorandum of association instead of two, and the possibility of creating a remote business registration tool with the use of electronic signatures in the future. The document establishes wider access for stockholders to company information and documentation, and grants the right to stakeholders to be represented by the administrator.

The new rules lower the threshold of votes required for the adoption of resolutions at stakeholders' meetings from three-quarters to two-thirds. The authors of the law were the members of the working group established by the MEDD decree. The secretariat role was played by the EC Secretariat.

These amendments became effective on 20 October 2023.



Reform of the system of state inspections related to business activity

In 2023, the EC Secretariat technically coordinated the implementation of the Action Plan for the reform of the system of state inspections related to business activity, approved by Government Decision No. 108-d dated 25 July 2023.

As part of this activity, draft amendments to regulatory acts in the field of state inspections were drafted (deregulation package 3) and the work continues with drafting sector-specific regulatory amendments that will clearly define control competencies, clarify provisions related to the application of restrictive measures and sanctions, revise aspects related to the checklists and risk-based inspections. This work is being carried out within eight sectoral working groups established by the EC Secretariat. These groups cover the following main sectors: agriculture and food; air, sea, and road transport; environmental protection; labour relations and health and safety at work; taxation and post-clearance customs; public health; market surveillance and consumer protection; technical surveillance and construction. The reform that began in 2023 will continue throughout 2024, with the participation of state bodies and the business community.

Packages of regulatory changes are being developed with the support of the EC Secretariat and the assistance from the USAID/MISRA project.

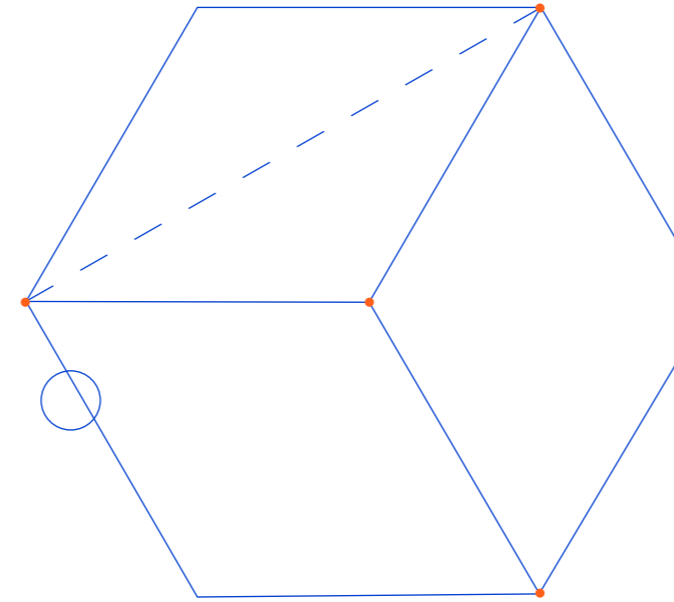
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Digitalisation of the economy



A new eCommerce Legislative Package was drafted and promoted on the platform of the Economic Council, being approved by the Parliament in March 2023. Thus, a series of amendments were implemented to align the domestic trade legal framework with the EU standards. These changes included provisions on e-commerce, definitions, including of the commercial units without commercial areas, requirements, notification procedures, etc. Additionally, the amendments aimed to adjust the legislation on information society services, entrepreneurship and business, as well as the protection of personal data in e-commerce. According to the amendments to the Contraventions Code, consumers will now receive adequate protection in online trade. Additionally, the obligations of the parties involved in the online sale of alcoholic products and precious metals have been clarified.



THE INTERNAL E-COMMERCE LEGISLATION HAS BEEN UPDATED IN LINE WITH THE EU PRACTICE



A new Digitalisation legislative package was adopted, enabling remote creation and administration of companies, as well as legalizing remote work

The Package was developed on the Economic Council platform and was approved by the Parliament in May 2023, focusing on missing elements for the Contactless Business in Moldova Initiative - a concept aiming full digitalization of doing business in our country - from initiation remotely, administration, hiring people, even closing a company online. One of the most significant legislative achievements was the establishment of a legal framework for the electronic notarization and the regulation of the electronic notarial acts - interventions which were determined by the role of notarial authentication in Moldova's regulation on business administration. The legislative amendments enabled the establishment remotely of the identity and capacity of individuals, the expression of their will, the drafting of notarial acts, and the establishment of consent of parties without physical interaction between them and the notary. Additionally, the amendments require the availability of legislation, standard forms, public services, etc. related to the establishment and management of businesses by foreign investors in Moldova to be available in English. An important achievement in the Republic of Moldova is the legalization of remote work. This has created conditions for economic activity in the country without the need to obtain a visa, residence permit for work purposes, or clarify the regime of taxes, social contributions, health insurance, protection and security of labor, etc.



We created and promoted a series of normative acts enabling implementation of the remote identification and person verification services, known as eKYC

After analyzing the missing elements of the digital infrastructure for remote business administration, the EC Secretariat initiated a technical assistance project, launched in March 2023 and supported by the EBRD and the UK Embassy, in order to support the implementation of the eKYC services. Under this initiative, few draft regulations have been developed: Technical concept and requirements for the digital platform; Remote identification procedure, approved by the Government in December 2023; Governmental Decision on creation of the technological platform and its regulation - approved in February 2024, and draft Law for amending the Law 124/2022 on trust services, approved by the Parliament in March 2024. These regulatory interventions are necessary to create a proper framework and to facilitate the proliferation of the digital services for businesses, including access to digital identity remotely. They are part of a complex set of measures and digital platforms required for the operationalization of the Contactless Business Initiative in the Republic of Moldova. The Economic Council has started consulting potential funders for the second phase of the project - on developing and implementing the eKYC digital platform.



Development of the E-Notary technological platform

Availability of the e-Notary technological platform and electronic notarization is crucial for implementing the Contactless Business in Moldova Initiative. This is due to the legal requirements of notarial authentication in business administration and of various transactions. Following the approval at the initiative of the EC of Law 126/2023, the Ministry of Justice and the Chamber of Notaries requested support from the EC Secretariat and the eGovernment Agency to implement the e-Notary platform. With the support of the EBRD and the British Embassy, we have developed the Technical Concept and Requirements, as well as the draft Regulation on eNotary platform operation. These deliverables will be promoted for approval. The Economic Council will also support identifying funding sources for software development and platform implementation.

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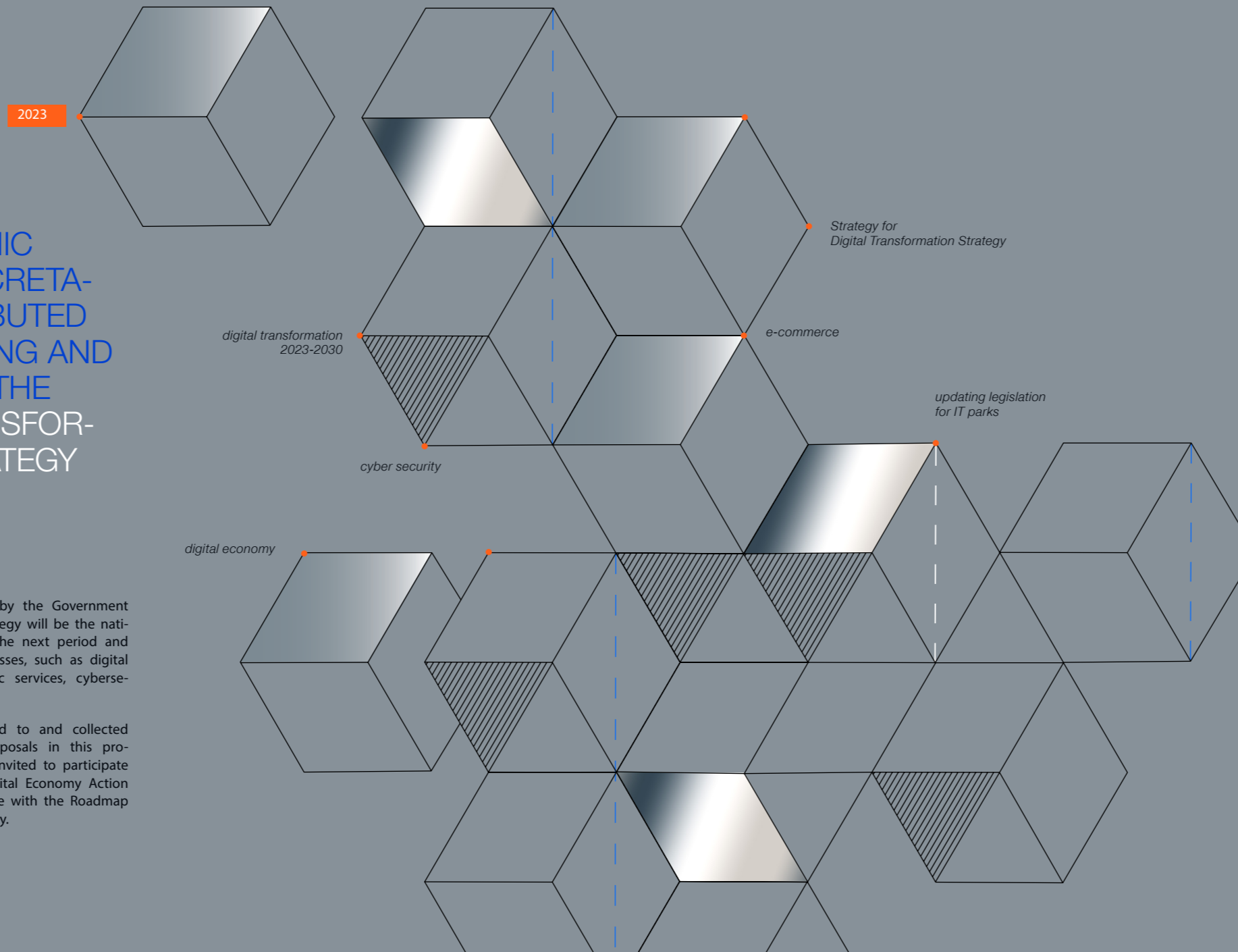
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THE ECONOMIC COUNCIL SECRETARIAT CONTRIBUTED TO DEVELOPING AND PROMOTING THE DIGITAL TRANSFORMATION STRATEGY 2023-2030

The document was approved by the Government on 6 September 2023. The Strategy will be the national vision for digitisation in the next period and covers priority areas for businesses, such as digital economy, digitisation of public services, cybersecurity, digital education, etc.

The Secretariat has contributed to and collected the business community's proposals in this process. Additionally, it has been invited to participate in the development of the Digital Economy Action Plan, based on its good practice with the Roadmap for the Digitisation of the Economy.



Better legislation for IT parks

Moldova IT Park was established in 2018 and has been highly successful in developing the digital transformation ecosystem in the region. The Economic Council has been made aware of potential unexpected and undesired interventions in terms of safeguards and single tax structure during the process of updating legislation in this area. The EC Secretariat participated in the discussions and contributed to the development of the Regulatory Impact Analysis. The final version of the amendments, agreed upon by the business community, was adopted by Parliament on 22 December 2023.

Harmonization with the EU regulation on digital markets and digital services - DMA and DSA

During the harmonization process with EU legislation, it has been identified that a thorough analysis of the effects of transposing EU acts on digital markets and digital services (DMA and DSA) into national legislation is necessary. The project was initiated by the EC Secretariat and supported by MISRA/USAID. Its aim is to assess the benefits and impacts, draft legislative amendments, and promote legislative alignment. The goal is to ensure that the amendments do not contradict European practice while also not negatively affecting the fragile business environment in our country.



We are drafting a new legislative package for the digital economy and e-commerce

Companies across various sectors face intense competition and limitations in attracting skilled staff and implementing digital innovations, particularly when competing with Moldova IT Park residents. Proposed solutions include stimulating digital innovation in non-IT companies and implementing the practice of digital nomads in Moldova to attract new economic activity, particularly in digital industries. During discussions with members of the Economic Council, numerous constraints and solutions for e-commerce were also identified.

This legislative package, consisting of amendments to 33 laws, was launched in proceedings in January 2024.

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Transition to a Green Economy

BUSINESSES WILL BE EXEMPTED FROM TAXES IF THEY RECYCLE PACKAGING

A law exempting businesses from certain taxes if they recycle packaging was passed by Parliament on 31 July 2023. The document was drafted to remove legislative inconsistencies for the effective implementation of Extended Producer Responsibility (EPR). The EPR mechanism obliges economic operators to recover, valorise or recycle end-of-life products, either individually or collectively. While implementing the EPR mechanism, producers and importers of goods are also charged for goods that cause environmental pollution during use. The business community has raised concerns about the double financial pressure on businesses and has urged authorities to eliminate this phenomenon. Thus, a mechanism has been introduced to exempt companies (registered in the SIA-MD) from the packaging tax if they recover and recycle the packaging they put on the market and meet the recycling targets set by legislation. Since 2018, the EC members and Secretariat have facilitated effective dialogue among all the stakeholders to overcome the situation and promote these changes, including on the parliamentary platform.



Amendments to the Regulation on the requirements for the collection, treatment, and disposal of wastewater in the sewerage system have been approved

As a result of the amendments, companies will be required to have treatment and pre-treatment systems. The calculation formula for additional payments has been changed, and the maximum allowable concentration limits for discharging water into sewerage systems have been set. The Secretariat and members of the Economic Council collaborated to draft and analyze amendments to the Regulation, aiming to eliminate divergences on certain issues. The business community had previously raised concerns about ambiguous provisions in the Regulation's sampling chapter, the introduction of a calculation formula for additional payments, and the partial transposition of Directive 91/271/EEC on urban water treatment. The amended provisions now enable companies to operate under clear rules, while eliminating divergences in the utility-consumer relationship. Simultaneously, the revised Regulation prevents and minimizes the significant impact on water resources resulting from waste water discharges.

The amendments were approved on 6th September 2023.

The government has approved amendments to the law promoting the use of renewable energy sources

The draft addresses obstacles to the development of the renewable energy sector, including electricity, transport, heating and cooling sector. The project also aims to encourage investment in green energy. The EC Secretariat assisted in enhancing the draft legislation and ensuring thorough consultations on the document and the Regulatory Impact Analysis with the members of the Economic Council.

The document includes provisions that implement the new EU Directive on promoting the use and consumption of energy from renewable sources. This requires the government to set a national target for 2030, with a minimum of 30% of electricity consumption coming from renewable sources. Currently, this figure stands at only 6%.

Parliament adopted the amendments to the draft law on 09 November 2023.

Improving amendments to the Natural Gas Law

The amendments to the Natural Gas Law were drafted to increase the country's gas supply security and address issues that have arisen during the implementation of the current law. The aim is to harmonise national legislation with the provisions of the Energy Community acquis. At the promotion stage, the EC Secretariat supported the Ministry of Energy in the draft consultation process with the members of the Economic Council, which resulted in some improvements to the document.

THE PARLIAMENT ADOPTED THE DRAFT ON 28 DECEMBER 2023.

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SECRETARIES OF STATE SHOULD COORDINATE THEIR ACTIONS TO PROMOTE SUSTAINABLE DEVELOPMENT AND THE GREEN TRANSITION

Horizontal communication between ministries will significantly contribute to the promotion of the green economy in the Republic of Moldova. The Working Group meeting was held on 13 June 2023 on the platform of the Economic Council to the Prime Minister of the Republic of Moldova. Veronica Arpintin, Secretary of State of MEDD, stated that the Working Group will promote investments in green technologies and infrastructure, and facilitate technology transfer in this field. Effective coordination between ministries is required for assessing the green economy in the country and identifying gaps and opportunities for its development. Another topic is the presentation and coordination of policies and efforts of ministries to ensure coherence and synergy in the field. Special attention will be given to elaborating the Programme for the Promotion of the Green and Circular Economy for the period 2024-2028, as well as the Action Plan for its implementation. Additionally, a communication mechanism on the subject will be created.

The draft of this Programme will be publicly discussed, including on the Economic Council platform.



TRANSPARENCY OF ACTIONS IN THE TRANSITION TO THE GREEN ECONOMY

The importance of increasing transparency and coordination of actions in the Green Transition process was discussed on 30 October 2023 at the meeting of the Working Group „Facilitating Green Transition and Cross-Border Trade”, convened on the Economic Council platform at the request of MEDD.

Both donor and state institutions should contribute to facilitating the exchange of information on donor-funded projects that support the transition to a green economy. This will enable the state to act more accurately and efficiently in developing policies to support green business investment. The topic will continue to be debated on the Council platform in 2024.

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ENERGY SECTOR SANDBOX TALKS IN PROGRESS

The Ministry of Energy is initiating the development of Innovative Technology Test Centres in Moldova, known in English as Sandboxes, which will allow entrepreneurs to test new energy technologies. On 22 November 2023, the relevant concept was presented by the Minister of Energy to the Moldovan business community at the meeting of Working Group 3 „Stimulating and Maintaining Private Investment”, organized with the support of UNDP Moldova. The discussions highlighted that these innovative technology testing centers will benefit from special regulations, licensing procedures, tariffs, and rules compared to standard ones. The authorities have announced that a regulatory framework will soon be developed and consulted on the Economic Council platform.



Green Economy

DEVELOPING CHANGES TO ENCOURAGE INVESTMENT IN RENEWABLE ENERGY

The EC Secretariat contributed to the consultation process of the Regulatory Impact Analysis (RIA) on the amendments to the Regulation on the conduct of tenders for eligible producer status, promoted by the Ministry of Energy. The proposed amendments to the rules on the tendering procedures aim to stimulate investment in renewable energy.

The RIA to the Regulation was approved on 28 November 2023. The proposed amendment to this Government Decision is expected to be open for public consultation in early 2024. The EC Secretariat is participating in and monitoring this process.

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Women economic empowerment and inclusive economy

▶ WOMEN ECONOMIC EMPOWERMENT (WEE) ROADMAP

In January 2023, the Economic Council updated its Roadmap for Women Economic Empowerment, which contained 68 actions.

The document prioritized the adoption and implementation of non-discriminatory regulations to support WEE, as well as the implementation of the principle of equal pay for equal work in both the public and private sectors. Female entrepreneurship has been viewed from various angles, such as enhancing women's access to business finance and investment, providing vocational training, and eliminating barriers to equal economic inclusion. As of the end of 2023, 70% of the planned actions had been implemented or were being implemented. In October 2023 at the request of MEDD and after a meeting with the stakeholders, the EC Secretariat initiated an update of the Roadmap to align public and private sector priorities and better reflect the needs of the women's business community. The Association of Women Entrepreneurs of Moldova, a key partner from the associative sector, has requested the Prime Minister and the EC Secretariat to enhance the dialogue platform by strengthening the Working Group on Women Economic Empowerment. This will enable the development and launch of an updated and more ambitious action plan in 2024.

IMPACT ON GENDER EQUALITY

The Ministry of Justice has proposed amendments to Law 100/2017 on normative acts. As part of this process, the EC Secretariat has suggested adding a new topic to the Regulatory Impact Analysis. This new topic would require authors of new legislation to analyze the potential impact of the regulatory act on gender equality and equity. The aim is to ensure that equal opportunities are considered in the regulatory impact analysis. The draft law, which included the EC Secretariat's proposal, was approved by the Government and adopted by Parliament in the first reading already in December 2023. The Secretariat's experts are monitoring the preparation process for the final reading of the draft to ensure that the gender impact assessment requirement is preserved.



GOVERNMENT PROGRAMME TO SUPPORT FEMALE ENTREPRENEURSHIP

The Government Programme aims to support female entrepreneurship by increasing the number of women entrepreneurs and improving the economic performance of micro, small, and medium enterprises run by women.

The programme envisages to promote the growth of start-ups and businesses founded by women, enhance the competitiveness of developing and expanding women-led enterprises, support e-commerce activities of women-led enterprises, and facilitate access to information, training, advice, and mentoring. Additionally, it aims to raise awareness and provide relevant information on economic opportunities. To implement the Programme objectives, a budget of 30 million lei (approximately 1.6 million EUR) has been estimated for a 3-year implementation period, with the possibility of extension based on availability of additional financial resources. The Programme aims to facilitate access to financing for at least 90 women entrepreneurs. The EC Secretariat has been actively involved in organizing public debates on this Programme, collected proposals, and provided necessary support to the MEDD to finalize and further promote the Programme.



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CHALLENGES AND GOOD PRACTICES IN WOMEN ECONOMIC EMPOWERMENT

The EC Working Group no. 6 'Labour Market Development' held meetings to discuss challenges and good practices in regulating childcare services in Moldova. The business community, donor organizations, and representatives of public institutions participated in these discussions. During the debates, it was highlighted that an increasing number of women wish to return to work as soon as possible after their childcare leave. To facilitate this, a wider range of childcare services is required.

The authorities have taken steps in this direction, and international organizations undertook to continue supporting their efforts to empower women economically. The Sanitary Regulation for creating childcare services at the workplace was presented during the meeting of the WG. Business community representatives discussed the challenges of implementing these goals and the barriers that need to be removed.



THE CONCEPT OF INCLUSIVE ECONOMY

On 7 November 2023, at a dedicated meeting of the EC Working Group on Women Economic Empowerment, MEDD presented the concept on creating an inclusive economy that would support under-represented groups (such as women, rural population, diaspora, and people with special needs) contribute to economic activity in the best possible way. Business associations, members of the Economic Council, have emphasized the importance of government actions to support women economic empowerment.

As well, they mentioned the initiatives that should be accelerated, including access to financial resources, promoting the employment of more women in IT, and creating childcare policies.

The Economic Council will continue to support the further improvement of this concept.



SOCIAL ENTREPRENEURSHIP

This topic was raised on the platform of the Economic Council, and the participants in the discussions asked for boosting the development of social entrepreneurship, for which several steps need to be taken. Among them - the development of a business financing program in the field of social entrepreneurship, the creation of an investment fund for social entrepreneurship that would support the development of social and insertion enterprises, including women-led; simplifying the registration procedure and applying registration incentives for social or insertion enterprises; updating and approving the National Program for the Development of Social Entrepreneurship for 5 years; launching awareness campaigns on the role of social entrepreneurship in the development of the economy, especially - rural.

Social enterprises can create jobs, offer innovative services and products and generate social and economic impact, including for rural women. In this respect, European good practices in the field will be promoted and the subject will be further developed.



ASSIMILATION OF GOOD PRACTICES OF WOMEN'S EMPOWERMENT AND EQUAL PAY FOR EQUAL WORK BY COMPANIES IN THE ELECTRONICS INDUSTRY

Good practices in implementing the principle of „equal pay for equal work between women and men” and women economic empowerment are developed on the EC platform with members of the Association of Electronic Industry Companies of Moldova. This activity was part of the information campaign on the need and value of implementing the principle of equal pay for equal work, launched by the EC Secretariat in partnership with UN Women and with the financial support of the Government of Sweden. The discussions were attended by founders and managers of companies, representatives of academia, vocational schools and centers of excellence in the field of electronics. The topics discussed included salary transparency for employees and jobseekers; the right of employees to request and obtain information on pay grades, including on gender principles, etc.



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Other important topics

EU citizens will be able to work in Moldova without a residence permit

On 20 July 2023, the Parliament voted on a draft law simplifying employment for EU and non-EU citizens. According to the legislative changes, citizens from the 27 EU Member States and countries such as the United States, Canada, the United Kingdom, Norway, Switzerland, Japan, Ukraine, Turkey, Georgia, Armenia and Azerbaijan, arriving for up to 90 days will be able to work in Moldova without a residence permit, thus helping to liberalize the Moldovan labor market.

The EC Secretariat contributed to the development of the Regulatory Impact Analysis and the draft law itself, which entered into force on 27 August 2023.

Low frequency of physical inspection of non-animal food products at the state border

The Government approved amendments to the Regulation on the procedure for crossing the state border for goods subject to control by the National Food Safety Agency on 22 August 2023. The new amendments require identity control of at least 10% of shipments of non-animal food commodities and products used as ingredients for human consumption. The Secretariat and members of the Economic Council provided support in drafting the amendments to Government Decision no 938. Additionally, the Secretariat facilitated consultation on these amendments through multiple meetings on various platforms, including the Economic Council.

The promotion of amendments to the Patent Law

According to the legal provisions, patent-based activity for a number of economic activities would be prohibited from 31 December 2023. This prohibition was negatively impacting the development of many MSMEs in the tourism sector, particularly in rural areas. The EC Secretariat was made aware of this issue by business association members of the Economic Council and helped to promote legislative amendments that extended these patent-based activities by two years.

THE DRAFT WAS ADOPTED BY PARLIAMENT IN THE SECOND READING ON 7 DECEMBER 2023.



National Economic Development Strategy 2023

On 20 December 2023, the Ministry of Economic Development and Digitalisation presented the draft of the National Economic Development Strategy 2030 on the Economic Council's platform. The strategy aims to create a modern, productive, prosperous, and competitive economy that will stimulate sustainable and balanced economic growth.

This can be achieved by redressing imbalances, ensuring macroeconomic stability, strengthening economic resilience, and gradually integrating into the EU Single Market. The document is available for consultation on particip.gov.md and will be promoted shortly according to the ordinary procedure.

Provisions of the Law on normative acts related to the regulatory impact analysis

The Ministry of Justice has proposed amendments to the Law on normative acts to simplify the process of drafting laws. One of the proposed changes was to merge the explanatory note with the regulatory impact analysis (RIA) report and rename it as "fundamentation note". The EC Secretariat participated in several meetings with the Ministry of Justice and the State Chancellery and proposed formulations for the content of the fundamentation note and maintaining the obligation to obtain the opinion of the Working Group for the Regulation of Entrepreneurial Activity on draft legislation regulating business activity.

Most of the proposals were accepted, and the draft was approved by the Government in November and by Parliament in the first reading in December 2023.

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Building public-private dialogue

DORIN RECEAN, PRIME MINISTER, CHAIRED TWO PLENARY MEETINGS OF THE ECONOMIC COUNCIL IN 2023

▶ *The first meeting was held on 7 April 2023, at the beginning of his mandate.*

During the meeting, Mr. Recean discussed the Government's mission to modernize and diversify the economy, implement growth-oriented reforms, attract foreign investment, and promote entrepreneurship. During the second plenary meeting on 1 November 2023, members of the Economic Council emphasized the importance of liberalizing the labor market, supporting energy efficiency efforts of large companies, and encouraging start-ups. The Prime Minister also reviewed the main reforms aimed at improving the business environment in Moldova, as well as the 20 objectives of the 'European Moldova 2030' Strategy. Three objectives are directly



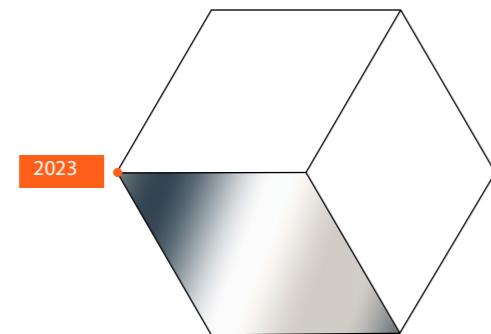
relevant to the business community: deregulation and cutting the red tape, digitisation of G2B services, and support for SMEs. These reforms could bring about annual savings of 5 billion lei for businesses once implemented. The primary objective of implementing the 'European Moldova 2030' strategy is to enhance the well-being of the Moldovan population and establish Moldova as the leading country in the region in terms of ease of doing business by 2027.

The business associations highlighted several challenges that require attention from the authorities, including labor shortages, excessive bureaucracy in business administration, state controls, and the need to accelerate reforms and digitalisation of G2B services. The Prime Minister stated that these topics will be on the government's agenda in the following year as well.



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ECONOMIC INTEGRATION OF REFUGEES

The Economic Council discussed ways to involve forcibly displaced persons in economic activities in our country. This topic was brought up at the request of the Ministry of Internal Affairs and the General Inspectorate for Migration. During the discussions, participants highlighted the importance of evaluating the existing legal framework and identifying and addressing any gaps that may hinder the economic participation of beneficiaries with temporary protection status in Moldova.

It was agreed that the relevant ministries will propose solutions to enhance the economic integration of such beneficiaries in Moldova.



ONE-OFF EQUITY PAYMENT FOR GAS CONSUMERS CHOOSING TO EXIT THE FREE MARKET

A meeting on this topic with the members of the Economic Council was held on 16 June 2023. The Minister of Energy, Mr Victor Parlicov, answered the questions from the economic operators who had to choose by 1 July 2023 which gas market they want to remain in - the free or the regulated one, based on the provision of the Commission for Exceptional Situations (CES) of 31 May. According to Moldovagaz data, 86 companies chose to change their gas supplier by migrating from the supplier of last choice, which has a tariff regulated by ANRE, to suppliers on the free market. 54 companies have two contracts each, being simultaneously on both markets. By decision of the CES, the Government intervened to stop this migration and make some changes in the regulatory framework. A week later, at another meeting on the EC platform, the Ministry of Energy held a new round of consultations and after receiving the calculations of the single equity payment from Moldovagaz, 8 companies decided to stay with the supplier of the last choice. At the same time, there are also economic operators who would have to recover money from Moldovagaz if they decide to exit into the free market.

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BUILDERS ARE REQUESTING AMENDMENTS TO PUBLIC PROCUREMENT LAWS

According to data from the study „Deficiencies of the public procurement system. Abnormally low bids in works procurement procedures”, initiated by the National Confederation of Employers of Moldova, in 52% of public procurement cases, the authorities award the contract to the economic operators submitting the lowest price bid. The document was presented on 28 July 2022 at the EC Working Group no.4 “Curb the phenomenon of gray salaries and informal employment”.

The authors of the study argue that after winning the procurement contract with the lowest price, the company is challenged to request its revision because the costs in the contract do not correspond to reality or alternatively the company proceeds to carry out the contracted works at a very low quality. This leads to a situation when the construction is not even completed, but it is already in need of repair. The Study's recommendations were submitted to the authorities for consideration with a request to start drafting changes to the regulatory framework in this area.



The work of the National Trade Facilitation Committee on the agenda of the United Nations Economic Commission for Europe (UNECE)

The 8th meeting of the Steering Committee on Trade Capacity and Standards, organized under the auspices of the United Nations Economic Commission for Europe, was held in Geneva. On behalf of the RM at the high-level segment of the Committee „Elimination of Regulatory and Procedural Barriers to Trade in the Economic Commission for Europe region”, the EC Secretariat's expert delivered a statement mentioning the main achievements registered by Moldova, in particular in the area of trade facilitation and green transition in line with the 2030 Agenda and the SDGs, and called on development partners to consider providing the necessary funding to support the reforms in Moldova. The UN Resident Coordinator in Moldova, Simon Springett, stressed that Moldova's implementation rate of the WTO Agreement on Trade Facilitation exceeds the global rate and congratulated Moldova for the progress made in simplifying trade procedures, improving transparency and integrating best practices in trade-related regulations and procedures. As a follow-up to findings discussed at the event, on 13 December 2023, the EC Secretariat, in cooperation with the UNECE Commission, conducted a workshop for the business community and representatives of state institutions to present the results of the UNECE study on regulatory and procedural barriers to trade.



The Ministry of Labour and Social Protection has informed business associations about the reform of the State Labour Inspectorate

According to Corina Ajder, State Secretary of the Ministry of Labour and Social Protection, the Inspectorate is currently undergoing a vast reform process. This announcement was made on August 7, 2023, during the meeting of the EC Working Group no.4 “Curb the phenomenon of gray salaries and informal employment”.

The State Secretary also mentioned that the inspectors of the reorganized institution will take an objective approach in the process of carrying out controls on a business entity, focusing only on controls related to the aspects of informal work.



MARK BOWMAN, Vice-President of the EBRD, met with the EC Secretariat experts

During the discussions on 29 March 2023, the EBRD's Vice President expressed interest in the latest developments in Moldova's investment climate and the topics on the agenda of the Economic Council. These included reforms related to deregulation of business activity, legislative changes aimed at modernizing public services, and stimulating digital transformation of the economy. The EBRD's support for strengthening the electronic identification system and creating the eKYC and eNotary technological platforms, as well as digitizing customs export procedures - projects initiated by the EC Secretariat - was appreciated. The Vice President of the EBRD expressed his appreciation for the work of the Economic Council and its Secretariat. He emphasized the significance of having an efficient public-private dialogue platform to ensure effective communication between the business community and the Government.

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MOLDO-ROMANIAN WORKSHOP

On 26 October 2023, in partnership with the Romanian Embassy in Moldova, the EC Secretariat conducted a workshop on „Customs cooperation to improve the efficiency of traffic at the border crossing points between the Republic of Moldova and Romania“. The event was attended by the Ambassador of Romania to Moldova, the Heads of the Romanian Customs Authority and the Customs Service of Moldova, as well as the customs offices from Romania and Moldova. Discussions focused on the implementation of joint measures to improve infrastructure capacity, interoperability and efficiency of services at border crossing points, in order to ensure access of companies to the trans-European transport network. During the event, representatives of the business community had the opportunity to ask questions and obtain relevant clarifications from the customs authorities of both the Republic of Moldova and Romania.



STUDY VISIT TO THE SWEDISH NATIONAL BOARD OF TRADE

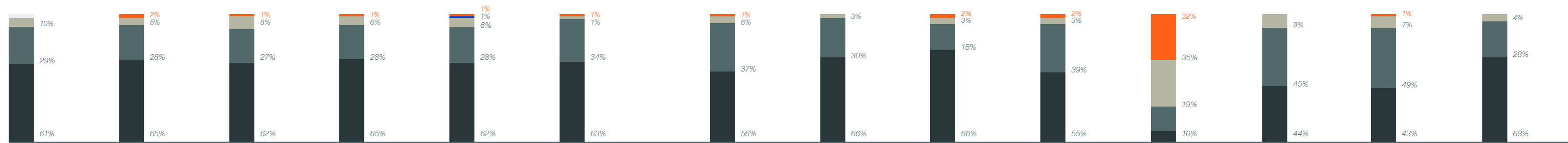
On 5 December 2023, a Moldovan delegation composed of representatives of the Ministry of Foreign Affairs and European Integration, the Ministry of Economic Development and Digitalization, the Organisation for the Development of Entrepreneurship and the EC Secretariat visited the Swedish National Board of Trade in Stockholm. The purpose of the study visit was to transfer the Swedish experience in fostering economic exchanges and information on economic instruments to enhance exports to the European Union. The new experience will enable state institutions to design reforms that will contribute to facilitating access to the EU market by Moldovan companies. The issues of cooperation with state institutions in the Nordic countries were also discussed with the Ambassador of Moldova to Sweden, Iceland, Norway and Finland, Liliانا Gutan. Following the meetings and discussions during the visit, the Swedish National Board of Trade decided to develop an advanced training course on European integration in support of institutions in Moldova and Ukraine. The course will aim to provide tools to enable officials in Chisinau and Kiev to conduct more effective negotiations in the EU accession process.

Annual survey

The survey was conducted between January and February 2024 with the participation of 82 out of 145 members of the Economic Council.

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Does Economic Council continue to be seen as a non-partisan private public dialogue platform?

The results achieved by the Economic Council contribute to the increasing popularity of the platform among the business community.

Economic Council promotes initiatives that correspond to the interests of business associations and good international practices.

The Secretariat of the Economic Council liaises efficiently with the members of the Economic Council and the wider business community to identify key constraints to the business climate and on measures to address them (e.g. implementation of new business-supportive policy reforms, regulatory changes and/or legislative amendments)?

Do you consider the Economic Council an efficient mechanism to promote a dialogue between the Government and the business community? If you do not agree, explain why in the „Comments“ box below.

The Economic Council is an effective tool in promoting pro-business reforms.

The interaction between the Secretariat of the Economic Council with the decision-makers in the Government allows a better implementation of the reforms

The Economic Council is promoting initiatives relevant for the process of digitalization of economy.

The Economic Council promotes reforms and initiatives that help strengthen women's empowerment in business.

The Economic Council ensures an effective dialogue between the Government institutions and the Small and Medium Enterprises community in order to address the issues raised by SMEs.

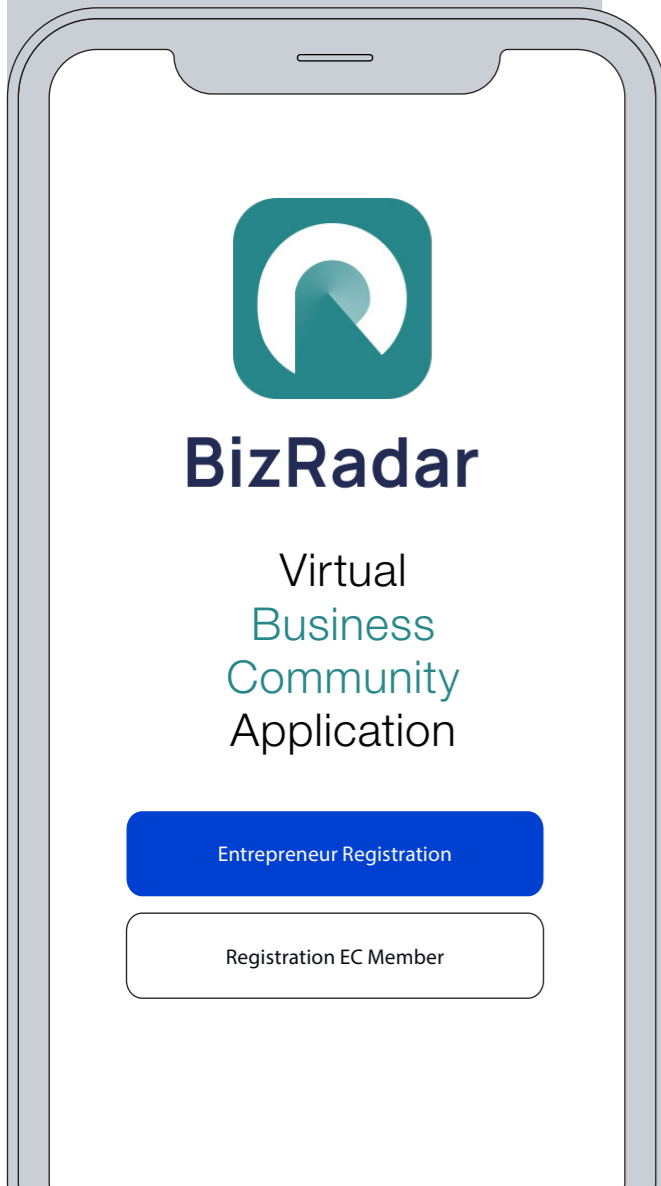
The non-representation of the business community in the EC generates accusations of partisanship

How do you rate the impact of communication and visibility activities of the Economic Council Secretariat?

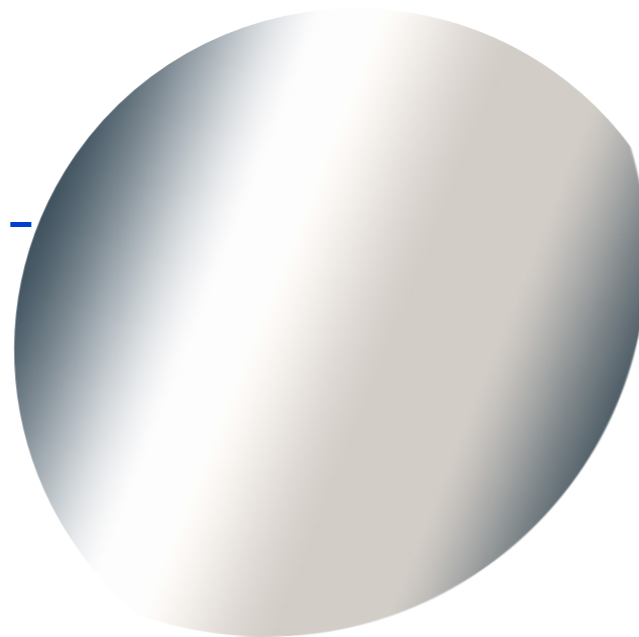
How do you rate the impact of communication and visibility activities of the Economic Council Secretariat?

Economic Council is an essential tool in promoting economic reforms and it is important that it continues its activity in the nearest future.



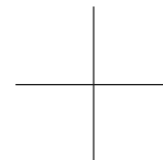


BUILDING DIALOGUE IN THE VIRTUAL BUSINESS COMMUNITY - BIZRADAR

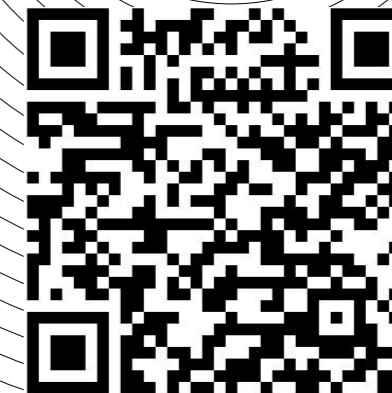


BizRadar aims to facilitate direct interaction between members of the Economic Council, entrepreneurs, and authorities. Its functionalities include: measuring the degree of openness of government agencies to business needs, instant survey tool, and collection of proposals and feedback for improving the business environment. The Economic Council Secretariat initiated the development of BizRadar with support from the EBRD.

As of the end of 2023, the application had a community of approximately 1350 users. The EC Secretariat is currently consulting with several development partners who share similar objectives to expand BizRadar's functionalities and diversify its content to provide more value for entrepreneurs.



The app of the virtual business community



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The Economic Council ANNUAL REPORT 2023

was produced and proofread by the Secretariat of the Economic Council,

and namely:

Ion Lupan
Head of the Secretariat

Roman Ladus
economic consultant

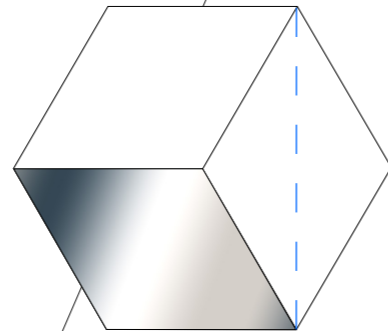
Diana Levcenco
economic consultant

Sveatoslav Cazac
legal consultant

Vitalie Tarlev
digitalization consultant

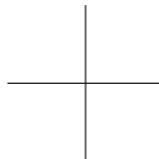
Marina Cojocaru
communications consultant

Tatiana Pascal
administrative assistant



Editorial coordination by Marina Cojocaru. Translation from Romanian to English by the following AI platforms: DeepL Translate, DeepL Write, ChatGPT, Microsoft Word translation service. Design by Oxana Capatina.

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