

# Annual Report

Economic Council to the Prime Minister



# 2017



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'If you really want to do something, you'll find a way. If you don't, you'll find an excuse.'

Jim Rohn



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## Prime Minister's Statement

Economic Council has had important accomplishments, but also challenges in 2017. In a far from easy environment of the Republic of Moldova where the financial and banking crisis have affected country's resources, its image and the perception about the state's ability to support development, Economic Council managed to strengthen the optimism and confidence of business community with regard to positive changes of the environment in which the latter operates.

The Council has been and remains a platform able to deliver an effective dialogue to address issues business is facing. Proposals generated within the Economic Council are a useful contribution to state institutions, leading to an improved regulatory framework and decisions with a positive impact on business activity.

Among the objective achievements of the Economic Council, I would mention, for example: optimizing the procedure for granting visas and work permits for foreign citizens, amending the Labor Code, developing the roadmap on investment policies or reducing the number of permissive acts related to entrepreneurial activity. The participation of Economic Council led to the adoption of normative acts on the reform of bodies with control functions, curtailing

procedures and bureaucracy in the area of constructions.

Given the platform's achievements, I have decided to delegate new tasks to the Council for the upcoming period. A new Labor Code is to be drafted in 2018 to stimulate more investment and job creation, legislation regarding the sanctioning system would be ammended, so as to eliminate abuses by law enforcement agencies in relation to business community.

I therefore, urge business community and civil society to be even more involved in the platform's work and find solutions that would benefit the whole society.

Last but not least, I would like to thank the development partners for their unwavering support to the work of the Economic Council; the European Bank for Reconstruction and Development, the UK Government's Good Governance Fund, the World Bank and the Swedish Government. I am sure that this help will continue bringing the outcomes expected by Moldova's business community.

*Pavel Filip*



## General overview

The Economic Council to the Prime Minister is an advisory body, created by the Government Decision no. 631 from 22.08.2011. The entity is chaired by the Head of the Executive.

One of the fundamental tasks of the platform is ensure a dialogue of the country's business community with government institutions. In other words, the Council is a venue for analyzing and debating issues faced by domestic businesses.

The Government is aware of the role of business in the formulation and implementation of the national development policy. Based on this, a permanent dialogue was initiated with the representatives of NGOs in the area of business. This platform provides for an exchange of views, expertise and good practices.

In other words, the prime task of the Economic Council to the Prime Minister is encourage a more active involvement of business community in public debates with state institutions in order to identify the best solutions and projects for the most effective promotion of reforms in various areas.

### *Economic Council has new members:*

The eagerness of Moldovan business community to join this platform also speaks for the efficiency of the Economic Council. In 2017, the list of members of the Economic Council was supplemented by another twelve business associations and members of the scientific community.

At present, the number of members to have joined the Economic Council to the Prime Minister stands at seventy one.

### *Representatives of business community and business associations:*

1	Rufa Mariana	European Business Association
2	Baltag Alexandru	Moldovan Business People Association (AOAM)
3	Groza Ana	Foreign Investors Association
4	Cozmolici Dumitru	French-Moldovan Chamber of Commerce and Industry
5	Dorin Nicolae	Association of Banks from Moldova
6	Linte Carolina	National Association of Milk Producers
7	Șchiopu Olga	Union of Private Medical-Sanitary Institutions
8	Tofan Valentin	Association of Producers of Pharmaceuticals' and Parapharmaceuticals'
9	Robu Alexandrina	Employers' Association in the Energy Sector of Moldova
10	Drăguțanu Otilia	Association of Women – Entrepreneurs from Moldova
11	Cerescu Leonid	National Confederation of Employers of Moldova
12	Cosarciuc Valeriu	National Federation of Farmers in Moldova
13	Chirița Ana	Association of IT Companies in RM
14	Crapivca Igor	Businessmen Association "Timpul"
15	Malairău Mila	American Chamber of Commerce in Moldova
16	Can Alexandra	Employers Association of Light Industry
17	Florea Vladimir	Employers Association of Transporters and Road Workers Union of Moldova
18	Harea Sergiu	Chamber of Commerce and Industry of Moldova
19	Șelaru Marina	Association of Accountants and Professional Auditors of Moldova
20	Condrațuc Ștefan	National Association of Bee Keepers from Moldova
21	Koss Alexander	Moldovan Union of Sugar Producers
22	Florica Victor	Association of Wine-makers from ATU Gagauzia
23	Uzun Valentina	Economic Council under the Governor of ATU Gagauzia
24	Borsci Iurie	Union of Legal Persons "Moldovan-German Economic Cooperation"
25	Busuioc Liliana	Employers Association "Alliance of Small Foreign Businesses in Moldova"
26	Răileanu Gheorghe	– Congress of Local Authorities from Moldova
27	Samson Cristina	Moldovan-Italian Chamber of Commerce and Industry
28	Vieru Constantin	Moldova-Romania Bilateral Chamber of Commerce and Industry
29	Zasavițchi Ana	National Association of Restaurants and Recreational Places in Moldova „MĂR”
30	Sainciuc Sergiu	National Confederation of Trade Unions of Moldova
31	Timohin Timofei	„INMACOM” Concern
32	Iabanji Iulia	National Platform of Women of the R. Moldova
33	Gherbovțan Elena	Employers Association "DISMED"
34	Valico Veaceslav	Economic Platform „SODRUJESTVO”



### Representatives of scientific and research community:

35	Chircă Roman	Agency of Innovations and Technological Transfer
36	Stratan Alexandru	National Institute of Economic Research
37	Lariuşin Tatiana	IDIS „Viitorul”
38	Lupuşor Adrian	Expert-Grup”
39	Belostecnic Grigore	The Academy of Economic Studies of Moldova

### Representatives of international organizations active in the area of reforms of the business environment:

40	Ovindadze Dimitri	European Bank for Reconstruction and Development (EBRD)
41	Pelivan Alexandru	Embassy of United Kingdom of Great Britain
42	Darie Andrei	Embassy of Sweden
43	Begiashvili Lily	International Finance Corporation (IFC)
44	Cicanci Galina	World Bank
45	Bulbaş Sergiu	Project for Counselling the Government in the economic reform (GIZ)
46	Rusnac Corneliu	US Agency for International Development (USAID)
47	Gercheva Dafina	United Nations Development Programme (UNDP)
48	Arpintin Veronica	EBRD Assistance for Small Business
49	Plămădeala Vasile	European Union Delegation

***“The authorities have heard us.  
Pro-business reforms take place”.***

***Ana Groza, Executive Director FIA***

### Representatives of public institutions and authorities:

50	Palii Lilia	State Chancellery
51	Calmic Octavian	Ministry of Economy
52	Armaşu Octavian	Ministry of Finance
53	Uşurelu Iurie	Ministry of Agriculture and Food Industry
54	Bitca Vasile	Ministry of Regional Development and Constructions
55	Grigoraş Stela	Ministry of Labour, Family, and Social Protection
56	Glavan Ruxanda	Ministry of Health
57	Cebotari Vladimir	Ministry of Justice
58	Munteanu Valeriu	Ministry of Environment
59	Eremia Iurie	Agency for Consumer Protection
60	Gaberi Gheorghe	National Agency for Food Safety
61	Grecu Laura	National Social Insurance House
62	Parfentiev Dmitri	National Health Insurance Company
63	Puşcuţa Serghei	State Tax Service
64	Ursu Eugeniu	e-Government Center
65	Vrabie Vitalie	Customs Service
66	Vlah Irina	Governor of ATU Gagauzia
67	Bodişteanu Octavian	Licensing Chamber
68	Baciu Valeriu	National Agency of Auto Transport
69	Stavilă Dumitru	State Labor Inspectorate
70	Nani Valeriu	State Ecological Inspectorate
71	Ghilaş Anatolie	Land Relations and Cadaster Agency





## Role of Economic Council Secretariat:

To function effectively, the Economic Council has a Secretariat made up of experts in the economic and legal areas, which ensures communication between state and business community when issues arise for business. All eight experts, including the Head of the Secretariat, are selected through a public tender by the European Bank for Reconstruction and Development and the International Financial Corporation of the World Bank Group.

Secretariat experts have an important role to play when it comes to the work of the Economic Council Working Groups. They are the ones who receive all the issues that business has brought to the Economic Council, and debate them within the Working Groups. They then summarize all proposals that are being discussed in Working Group meetings by business representatives, state institutions and academic community.

It is the experts who ensure the continuity of these proposals by monitoring their inclusion in the final documents, such as changes in legislation,

government decrees or regulations, provided that business' ideas are well grounded and relevant. Thus the voice of each and every member of the Economic Council is heard at these meetings, ensuring transparency in the activity of the Government. In other words, business is directly involved in decision making by state institutions.

However, the mission of the Economic Council Secretariat does not stop here. After discussing the issue in the Working Groups, and based on the minutes, Secretariat prepares a memo for the Prime Minister informing him about the details with recommendations for further action. The entire Secretariat monitors the execution of Prime Minister's instructions.

It should be mentioned that Secretariat is supported by the European Bank for Reconstruction and Development with the financial support of the UK Government's Good Governance Fund and the World Bank's „Investment Climate Reform” project financed by the Swedish Government.



## Economic Council has created new working groups:

In order for the common voice of business to be heard and its issues to be solved quickly and efficiently by state institutions, the Economic Council (from the end of 2016 and during 2017) has created Working Groups; a new approach in the activity of the Council.

Business sees who it is talking too, while the one who solves the problem is no longer an „abstract” official, but a concrete person who hears the issues and is directly involved in solving those. The Economic Council has 6 working groups. The chairmen of the Working Groups are elected by the members of the Council by open vote.

<p><b>Working Group no. 1</b></p> <p>„Elimination of Constraints in Entrepreneurial Activity”, includes the following topics: optimization of state controls, tax administration, issuance of permissive documents, facilitation of internal trade, and other.</p> <p>Group Chairwoman - Mila Malairău, Executive Director of the American Chamber of Commerce in Moldova.</p>	<p><b>Working Group no. 2</b></p> <p>„Facilitating Cross-Border Trade”, includes topics such as optimizing customs administration, facilitating the issuance of export permits, increasing the competitiveness and quality of domestic products, capitalizing on the opportunities of Moldova-EU Association Agreement, implementing the Integrated Customs Tariff of the Republic of Moldova and other.</p> <p>Group Chairwoman - Mariana Rufa, Executive Director of the European Business Association in Moldova.</p>	<p><b>Working Group no. 3</b></p> <p>„Stimulating and Maintaining Private Investments” includes topics such as: creating and optimizing tax incentives for investment, facilitating access to financial resources, improving regulatory framework to ensure fair competition, developing human capital and training according to market needs, and other.</p> <p>Group Chairwoman - Ana Groza, Executive Director of Foreign Investors Association in Moldova.</p>
<p><b>Working Group no. 4</b></p> <p>„Reducing informal labor and the phenomenon of „envelope wages”, is responsible for identifying causes and solutions for informal labor and the phenomenon of „envelope wages”, estimating the implications of proposed solutions, developing an action plan in this area.</p> <p>Group Chairman - Vladislav Caminschi, Executive Director of the National Employers' Confederation of the Republic of Moldova.</p>	<p><b>Working Group no. 5</b></p> <p>„Improving Moldova's position in international economic rankings”. Working Group is responsible for identifying solutions to help Moldova grow in international economic rankings.</p> <p>Group Chairman - Alexandru Baltag, General Manager of Businessmen Association of the Republic of Moldova.</p>	<p><b>Working Group no. 6</b></p> <p>„Development of the Labor Market”. The aim of the group is to identify solutions that will help harmonize the demand and supply on the Moldovan labor market.</p> <p>Group Chairman - Sergiu Harea, President of the Chamber of Commerce and Industry of the Republic of Moldova.</p>

Ad-hoc meetings on issues that are outside the scope of aforementioned Working Groups are also possible within the Economic Council. An example would be the discussion between the business community and Economic Council on issues related to the need to amend the Labor Code (subsequently, issues related to the drafting of a new Labor Code would be debated in the sixth Working Group on labor market development „). The ad-hoc group reviewed articles from the Code, which were later accepted by Parliament.



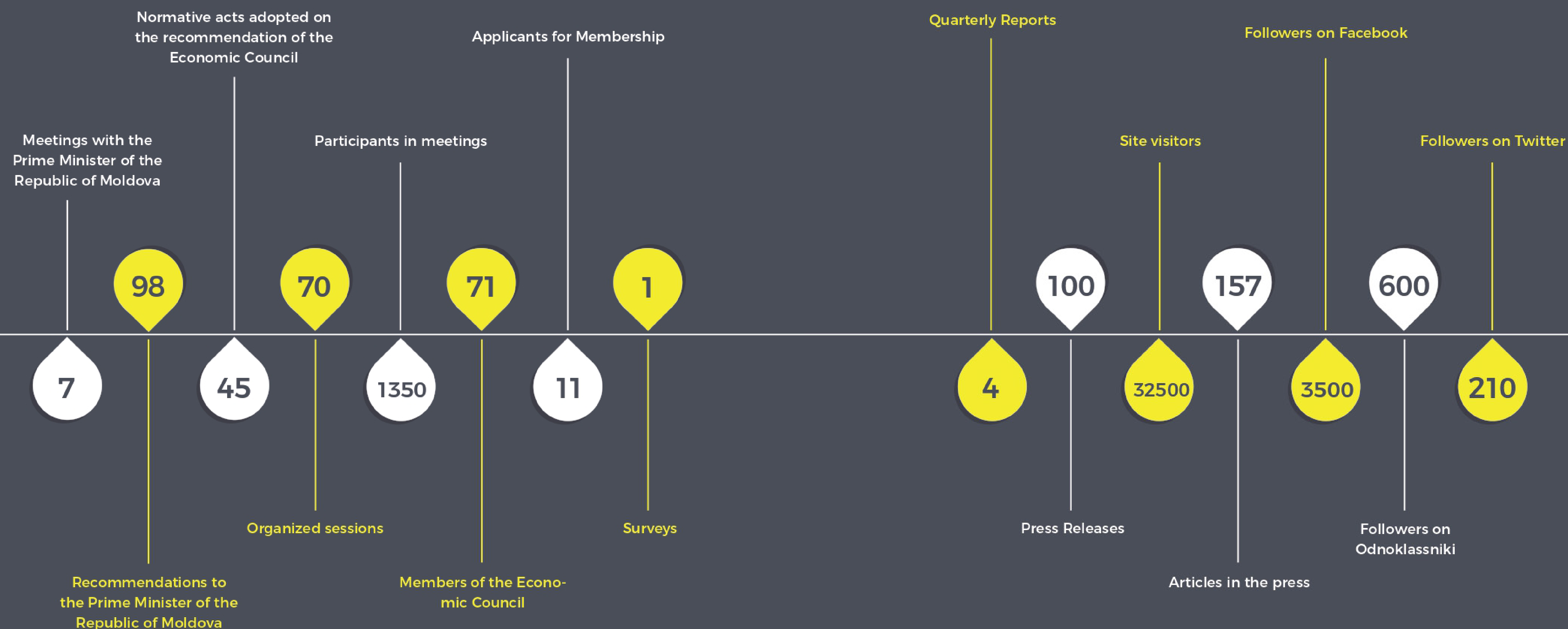
## Year in review

# 2017





## Short statistics





## Results

### *New amendments to the Labor Code were approved*

Amendments refer to 36 articles of the Code. Among the most important are: the employer will not have to motivate the decision regarding the unsatisfactory outcome of the trial period; the employee's old-age pension status could be ground for dismissal by the employer. These individuals can be recruited for a determined period.

Other regulations govern unpaid additional childcare leave until the age of 3 to 4 and not up to 6 years as was the case until present. Changes to the Labor Code were also made on the basis of business recommendations that were launched

within an ad hoc working group. According to business representatives, the current Labor Code was drafted in 2003. Many of the provisions in this document were inherited from the Soviet Union.

Under the current market economy that Moldova has embarked on 27 years ago, the document is simply slowing down the development of the real economy. The purpose of changes is to improve the business environment and the investment climate in the country.

*Amendments were adopted by Parliament on 22 July 2017 and entered into force on 20 October 2017.*

### *Reform of bodies with control functions*

The number of bodies with control functions has been reduced from 58 down to 18. New principles and requirements have been established when it comes to state control of entrepreneurial activity. There will also be improvements to the activity of planning controls and supervision of control process, especially through the electronic registry of controls held at the State Chancellery.

As a result, the number of controls at economic operators will be reduced, while the ones that are going to be conducted will have to be justified, they will be shorter and less invasive,

reducing opportunities for abuse by control bodies. Experts from the Economic Council Secretariat hired by the International Financial Corporation at the request of the Prime Minister, assisted the Ministry of Economy in drafting, consulting and promoting amendments of the institutional reform of bodies with control functions to the Government and Parliament.

*This package was adopted by Parliament in two stages, in September and December 2017.*

# LABOR CODE

### *Reform of permissive acts and reducing their number from 416 down to 149*

The reform of permissive acts has a considerable positive impact on business. The list of permissive acts approved by Parliament contains 149 permissive acts, compared to 416 that existed prior to the reform and is split in three areas: authorizations, certificates and licenses.

Additionally, a number of new principles limiting the opportunities for abuse by bodies issuing permissive acts were approved and exclude the authorities' right to reject the application submitted by the economic operator without due cause. At the same time, the document establishes stricter sanctions for officials who admit abuses in the exercise of their duties. The reform was launched

at the proposal of the Economic Council Secretariat and developed by the Ministry of Economy with the support of the International Financial Corporation's experts. The subject was discussed within the framework of the Economic Council platform where improvements were subsequently proposed and accepted in relation to draft legislative amendments developed in this respect.

The Economic Council Secretariat continued to monitor the draft, both before the Government approval phase and while in the Parliament, ensuring that the promotion of provisions with a major impact is made quicker and language remains unaltered.

### *Strengthening the default approval mechanism*

In order to impose greater discipline and accountability on civil servants, the Secretariat of the Economic Council has developed a concept that changes the legislative framework regarding the application of „default approval“, while issuing permissive acts.

This concept was consulted during the meetings of the Working Groups of the Economic Council with public authorities and business associations. As a result of these discussions it was decided to integrate the opinions of members of the Economic Council in the set of amendments,

developed by the Ministry of Economy, which are related to the reform of the legislation on permissive acts. At the beginning of 2017, the set of amendments was submitted for public consultation and in July 2017 they were adopted by Parliament. The principle of „default approval“ requires agencies that issue permissive acts to work faster.

This will allow businessmen to reduce the expenses they have to incur in order to comply with requirements while operating in various areas of national economy.



## New incentives to attract investments

Parliament approved amendments to 180-XVI Law of 10 July, 2008 on labor migration. The law makes it is easy to obtain a work and residence permit for highly qualified foreign workers, seconded workers, senior management, employees of companies that are in the list of investors of national importance and workers whose job is in the list of priority occupations on the labor market in the Republic of Moldova.

Thus, the state aims to facilitate the attraction of foreign investments to the Moldovan economy and strengthen strategic areas where we lack

enough local labor force. The issue was directed by business associations to the Economic Council debate platform. They were saying that the procedure for issuing work permits for foreign citizens was cumbersome and the time necessary to obtain the documents could be as long as half a year.

This would discourage investors who while coming to Moldova were not able to bring the team of specialists to put the business into operation.

*The law came into force on October 2017.*

## Implementing the unified report on employees

*The Parliament adopted Law no. 123 on 7 July 2017, which starting January 1 2018 aims to unify five reports related to salary payments, taxes and some items regarding labor relations presented to the State Tax Service, National Social Insurance House and National Health Insurance Company.*

The draft was developed by the Ministry of Economy, Ministry of Finance, State Tax Service, National Social Insurance House and National Health Insurance Company with the support of donors and experts from the Economic Council Secretariat.

Following the legislative amendments on October 4, 2017 the Ministry of Finance approved Order no. 126 on the standard form (Form IPC18), which unifies the information provided under five reports. The unified report will simplify the reporting of salary payments and eliminate the overlap of reported data, and reporting volumes by about 40 percent



## Creating the one-stop-shop for financial and statistical reporting for economic operators

A single one stop shop for online reporting has been created to which the State Tax Service (STS), the National House for Social Insurance (NHSI), the National Health Insurance Company (NHIC) and the National Bureau of Statistics have been connected. This platform excludes the interaction of economic operators with three of the four public institutions, because all the tax reports, including the unified IPC18 report (replacing 5 reports on employees previously filed with STS, NHSI and NHIC), and 26 most frequent reports received by the National Bureau of Statistics will be placed here.

Subsequently, other statistical reports once digitized, will be placed in this electronic one-stop-shop. The one-stop-shop solution was previously

discussed and recommended within the framework of the Economic Council platform.

At the order of the Prime Minister, the Working Group, coordinated by the Ministry of Finance, with the participation of State Tax Service, the National Social Insurance House, the National Health Insurance Company, the National Bureau of Statistics, SE Fiscservinform and the Secretariat of the Economic Council has developed and implemented the necessary actions, which will allow the launch of the one-stop-shop in January 2018.



## Empowering ministries to develop more qualitative policy documents and normative acts

The Secretariat's experts have promoted the inclusion in the Ministerial Regulations of a specific mission as well as of a new basic function.

The Regulation stipulates that the mission of ministries is to analyze the situation and issues in their area, develop effective public policies, monitor the quality of policies and normative acts, and propose justified state interventions that will provide efficient solutions in their fields of activity, providing the best value for money.

Thus, ministries will be motivated to develop high quality policy documents and normative acts with a minimal negative impact on the business environment. A further provision was made in relation to the Ministry of Economy and

Infrastructure which manages most of the areas, including economics, information and communication technology, construction, transport, quality infrastructure and market surveillance, energy security and energy efficiency.

The Ministry will also have the obligation to monitor the Republic of Moldova's score and position within international indicators and rankings related to its areas and make proposals for their improvement.

*These amendments entered into force on 30 September 2017.*



## Amendments to the Law on credit history bureaus

Parliament adopted the Law on credit history bureaus. Several amendments from the Government have been proposed for this draft. These include expanding credit history sources by adding new debt data, including from utilities, telecoms, and others.

There have been proposals from Parliament to exclude these provisions. While monitoring the promotion of draft amendments, the experts of the Secretariat intervened promptly with

arguments showing that the exclusion of these proposals would affect the advancement of the position of the Republic of Moldova in the Doing Business ranking in the „Getting Credit” section in 2019.

The law was voted on July 14, 2017 and published on **August 4, 2017**, keeping the provision on expanding credit history sources.

## No employment records from 2019

The amendments are contained in Law no. 123 which also includes the simplification of procedures for reporting salary payments, mandatory state social and health insurance, adopted by the Parliament on 7 July 2017.

The procedure for filling in, recording and keeping employment records is costly and involves the risks of sanctions in case of wrong entries. The business should buy them, fill them in the prescribed manner and keep two registers. There are cases when employment records are falsified. The

amendments were drafted by the Ministry of Economy, the Ministry of Finance, the State Tax Service, the National Social Insurance House and the National Health Insurance Company with the support of donors and experts from the Economic Council Secretariat.

The amendments were also supported by the Confederation of Employers of the Republic of Moldova and other business associations whose representatives stated that employment records are useless given the advent of information technologies.

*The amendments were published in the Official Gazette on July 19, 2017.*

**Wherever smart people work,  
doors are unlocked.**

**Steve Wozniak**



## *Start-up visa in the IT sector adopted by the Parliament*

Parliament enacted several amendments to the Law no. 200 of 16 July 2010 on the regime of foreigners.

These changes make it easier for foreign IT specialties to stay in Moldova and thus contribute to an increased competitiveness of the Moldovan IT industry and attracting local and foreign private investment for the development of the sector.

The issue of start-up visa in the IT field was debated in the framework of the Economic Council platform to the Prime Minister. The Ministries of Interior and Information and Communication Technology requested the input of experts of the Economic Council Secretariat during the

promotion of these legislative changes. The Secretariat has identified, reported and mediated the situation by agreeing with the Migration and Asylum Bureau of the Ministry of Internal Affairs and the Ministry of Information and Communication Technology to develop a mutually acceptable version of the Government's opinion to be submitted to Parliament.

Subsequently, the experts of the Economic Council Secretariat coordinated the text amendments made to the Law no. 200 of 16 July 2010 on the regime of foreigners in the Republic of Moldova with the text of Law no. 180-XVI of 10 July 2008 on labor migration, so long as these documents do not overlap.

*The amendments came into force on 14 September 2017.*

## *Reducing procedures and bureaucracy in constructions*

Government has approved amendments to a number of normative acts that optimize regulatory procedures in the area of constructions.

The most important change is the acceptance of constructions financed by private investments where the participation of representatives of city halls and other authorities of public administration was excluded. Acceptance is now done with the consent of the designer, the site engineer and the technical officer who are authorized and responsible for the quality of constructions.

State Inspection in Construction remains responsible for control in this area. Implemented reforms will reduce the number of procedures and their duration at least by half. Until the reform, according to the estimates of the international Doing

Business, the entrepreneur went through 28 procedures with an average duration of 276 days during the whole building process.

Changes to the regulatory framework were developed by the Ministry of Economy and Infrastructure in collaboration with the Economic Council and the technical assistance from the German Agency for International Cooperation (GIZ) expert.

*The new provisions entered into force on May 17, 2017.*

## *Citizens from United Arab Emirates will no longer need visas for the Republic of Moldova*

Chinese and Kuwait citizens when requesting a visa for the Republic of Moldova, will no longer have to present the invitation, as it has been the case so far. A decision in this regard was made by the Executive. These countries have an increased economic potential that Moldova is missing because of the visa regime that Moldova is having with these states. The issue of visas and invitations that these foreign citizens needed for our country was discussed at the Economic Council. Within the „Stimulating and Maintaining

Private Investments” Working Group this issue was analyzed and debated in the year 2016.

After finding the solutions and establishing a cooperation between the state institutions, the mechanism for facilitating the procedures in this area was developed.

*The Government approved the decision on February 24, 2017.*

## *The budget of the ANTA for 2017 was amended*

The government has optimized the budget of the National Auto Transport Agency (ANTA). A decision was made by the Government on January 25, 2017. The Executive's decision was also based on the opinion of business community.

Their representatives within the Platform of the Economic Council, stressed the need to revise the budget of the National Auto Transport Agency for the year of 2017.

After optimization, the budget of the Agency amounted to 43.5 million lei in 2017. In this

way the revenue part was made transparent and the Agency's expenditures were optimized. In 2016, the National Auto Transport Agency's budget was 51.3 million lei for expenditures.

It is worth mentioning that ANTA budget amendment was made with the joint efforts of the Agency, the Economic Council Secretariat and business community in the area of transport. ANTA's budget is made up of fees for authorizations, permits for transport and other services, which the agency provides.

**The National Auto Transport Agency is not funded by the state and is a self-financing and self-management institution.**



## Payment for environmental pollution

*Parliament adopted amendments to Law no. 1540 of 1998 on payments for environmental pollution. The decision was made on 22 December 2017.*

The amendments include, inter alia, the application of the environmental pollution tax, namely for composite packaging containing liquid and solid products, as well as the revision of the tax rate subject to the degree of pollution. The Secretariat of the Economic Council and the members of the Council - business associations came up with a series of recommendations regarding these changes. The Secretariat of the Economic Council also contributed to the development of the Government's opinion on this draft law prepared by the Ministry of Finance. The Secretariat has synchronized the opinion of the business community with that of state institutions on these changes. *The subject has been in the loop of the Economic Council since December 2016.*

## Food labeling

*Parliament adopted the Consumer Food Information Law. The decision was taken on 15 December 2017.*

The document comes to unify the requirements for mandatory information on the label of food products. The decision comes to transpose the provisions of the European Union Regulation 11/69 2011.

The Republic of Moldova undertakes to comply with the relevant legislation by the end of 2017, based on the commitments assumed by signing the Association Agreement between the Republic of Moldova and the European Union. The impact of these provisions ensures more loyal competition in the food sector, offering consumers a variety of quality and prices. The proposal was supported by local producers anticipating an increase in sales, including within the European Union and a reduction in administrative costs.

The draft of this law was debated within the Economic Council Platform at the end of 2016. During 2017, the Economic Council Secretariat worked with the Ministry of Agriculture and Food Industry, the Ministry of Economy and the Parliamentary Commissions to improve the document and coordinate it with the views of the business community and members of the Economic Council.



## Improving the draft law on non-banking lending organizations

The National Commission for Financial Market has drafted and proposed for approval to the Government the draft law on non-banking lending organizations. Business associations, which represent a large part of the non-banking financial sector have informed the Prime Minister with regard to some objections they have to some of the draft's provisions.

At the request of the Prime Minister, the Economic Council Secretariat organized technical discussions with the participation of key stakeholders, including: large and small non-banking credit organizations, business associations, the Moldovan Banks Association, the Ministry of Finance, the National Commission for Financial Market. As a result of discussions, changes

were accepted and promoted through which: the responsibilities of the National Commission for Financial Market excluded the establishment of requirements for internal regulations, internal control mechanism and an information systems of the non-banking credit organizations; the provision regarding the coordination with the National Bank of Moldova on the adoption of the normative acts stipulated by the given law was excluded; the minimum threshold for the participation of individuals (from which repayable funds can be attracted) in the share capital of non-bank lending organizations has been reduced; the timeframe for entry into force of the law has been extended.

*The draft was adopted by Parliament in December 2017.*

## Integrated Customs Tariff of Republic of Moldova

The Government approved Decision no. 217 of 5 April, 2017 setting up the Interdepartmental Commission for the establishment and management of the Integrated Customs Tariff of the Republic of Moldova (TARIM).

This is to implement Law no. 172 of 25 July 2014 on the approval of the Combined Nomenclature of Goods. The Commission aims to facilitate trade. In particular, it is necessary to ensure the correct determination of tariff positions for the categories of goods to which permissive documents for import-export and/or restrictions/ prohibitions/ introducing to/taking out from the Republic of Moldova. Following the recommendations of the Secretariat of the Economic Council, representatives of the business community are also included in this Commission, which incorporates state institutions.

This ensures the transparency of the process of accurately determining the tariff positions of imported / exported goods.



## Prime Minister has signed the Commitment and the Investment Incentive Roadmap

The main activities for attracting and maintaining private investment in the Republic of Moldova were set out in the Investment Policy Statement and Roadmap of the Economic Council, approved on 15 June 2017 at the meeting chaired by Prime Minister Pavel Filip.

Among the underlying objectives of the Statement is the consolidation and modernization of the legal framework for investment and application of best international practice in this area. It also aims at building a productive dialogue with the business environment and ensuring its

participation, as well as that of the scientific community and international organizations in the implementation of reforms.

According to the World Bank Country Director for Moldova, Alex Kremer, this document represents a real step forward in the relationship between state institutions and business community.

The document provides a set of principles by which the Government undertakes to act in a transparent and fair manner with the business community.



## Future perspectives

### Reform of the sanctioning system



At the end of 2017, Ministry of Justice proposed a draft law on the amendment of some legislative acts (Criminal Code, Criminal Procedure Code, Administrative Offenses Code, Law on state control of entrepreneurial activity and other legislative acts).

The draft included a number of major amendments, including a reduction in the number of law enforcement agencies with powers to interfere in a business, reducing incarceration sentences and increasing damages ceilings for some offenses; reducing abuse opportunities during the procedures of seizing objects and documents and preventive arrest, as well as making law enforcement accountable when it comes to interference with business and the impact on business community.

Representatives of civil society, business community, development partners, and representatives

of the diplomatic corps had different and sometimes totally opposing views to the provisions of the draft proposed by the Ministry, and pointed out the need to ensure a more transparent, balanced process that takes into account their potential impact.

Since the Economic Council has proved to be an effective platform for ensuring dialogue with all stakeholders and for discussing all proposed solutions, Prime Minister decided that the process of further consultation and finalization of the draft should be done within the framework of the Council platform.

As a result of this provision, the document will be further discussed at the technical meetings organized by the Secretariat of the Economic Council, with the participation of all stakeholders with comments and proposals on this subject to be analyzed and made public.



## Development of a new Labor Code

During 2018, Economic Council will continue organizing debates on the draft of a new Labor Code in order to regulate employee-employer relationships in line with best international practice.

Business associations, members of the Economic Council who actively participated in the development of the new Labor Code repeatedly talked about the need of a new Labor Code.

It will be debated during 2018 within the framework of the Economic Council platform so that all parties have the opportunity to express themselves regarding the draft and come up with proposals to improve it.

As Moldovan labor law is rigid and contains many constraints, several international analyses show that under section „labor market regulation“, the Republic of Moldova is on the periphery of economies in Central and Eastern Europe.

In order to improve the situation, the Government initiated amendments to the Labor Code in 2017 but also proceeded with the development of a new document.



## Law on food tickets

Experts from the Economic Council Secretariat have developed recommendations for the regulatory framework (including government decision and laws) on the implementation of Law no. 166 on food tickets. The draft law on food tickets was voted by the Parliament on July 20, 2017.

The document stipulates that the employers in the Republic of Moldova will provide food tickets to employees for each working day. The nominal deductible value of a food ticket per business day should be between 35 and 45 lei. In order to implement the provisions of the new law, line ministries should develop an additional normative framework and make the necessary amendments to existing laws.

The Economic Council was invested with the task to come up with the expertise and recommendations needed to improve the regulatory framework for the implementation of the law on food tickets.

## Co-incineration and incineration of waste will be regulated by law



Business community advocates for a provision in legislation that would allow co-incineration of waste that can not be recycled in other environmentally friendly ways.

Business has asked the Ministry of Environment to amend Law no. 209. On 20 September 2017, Ministry submitted to the Economic Council the amendments proposed to Law no. 209 and more precisely to Article 17, which today says that the incineration and co-incineration of waste of any origin is prohibited with the exception of waste resulting from medical activity.

Authorities argue that even though currently they are not allowed, some economic operators incinerate waste and state institutions lack the tools

to tackle the situation. Business and environmentalists present at the debates organized within the Economic Council platform supported the idea of amending Art. 17 of Law no. 209. The document is now in Parliament.

If Parliament adopts amendment, waste incineration and co-incineration will be allowed which would reduce its accumulation, help obtain energy and recyclable components from production and domestic waste.

Following approval of the law amendments, the Ministry will develop a regulation governing this activity.



## Compensatory remuneration under the law on copyright and related rights



Business community requires amendments to Law no. 139 on copyright and related rights. Currently Art. 26 of the law provides that an economic operator who manufactures or imports audio equipment, video recorders, disc drives, sound and / or video media, cassettes, laser discs, compact discs, etc., which may be used for reproductions, must pay a fee of 3% and more (compensatory remuneration).

The business community says it is aware of the need to pay compensatory remuneration, but demands fairness and clarity in its application. Business is bothered by the tax on mobile phones, smartphones, tablets and laptops - devices that are not covered by Law no. 139.

The National Agency for Intellectual Property (AGEPI) initiated the amendment of the legislation in this area in consultation with business community and collective management organizations.

Amendments aim at reducing and capping the amount of compensation, as well as improving the procedure for collecting it. In addition, the Secretariat has proposed to AGEPI the conceptual modification of the mechanism and procedures for collecting and distributing this remuneration with a more active involvement of state bodies, which will ensure a real guarantee for all the actors involved in this process, and a considerable decrease of the value of remuneration (from 3% and more - up to 1%), which will reduce the financial burden on economic operators.

The reduction in the amount of remuneration has become possible due to procedures proposed by the Secretariat for the detailed establishment of the list of taxable goods.

The concept was accepted by both AGEPI and representative of business associations and economic agents. In the first half of 2018, the new law will be submitted to the Government for adoption.

## Cement manufacturers will need to ensure a lower level of chromium in cement

Cement producers in the country have warned that they will not be able to comply with provisions of Law no. 141 of 17 June 2016, according to which they must ensure a lower level of chromium content in cement.

For this they need, among other things to acquire laboratory equipment specialized in detecting chromium and determining its level in cement, but also to implement the technological process that would reduce chromium content in cement. This process is one that requires substantial time and investment of over 2 million lei, according to producers. Business community alerted the Economic Council of the situation

they found themselves in. During the meeting of the Working Group „Stimulating and Maintaining Private Investments” attended by decision-makers, solutions were found for this issue. It was proposed to ask the Government for changes to the legislation in force to help entrepreneurs comply with legal norms over time. Otherwise, they will have to stop their activity until they can meet the new requirements and that means layoffs and halting production.

*On January 23, 2017, the Government approved the draft law currently in Parliament and is ready for final reading.*

## The Regulation on organizing and conduct of dual education was developed

Regulation provides that VET institutions and businesses can co-participate in dual education. This allows students acquire practical skills at the company, and the theoretical knowledge at the vocational school.

The regulation is at the Government. The structural reform in technical vocational education in the Republic of Moldova is implemented with the support of the International Cooperation Agency of Germany. Through this project, experts from GIZ Moldova encourage business community to participate in professional training of young people in order to respond to the urgent need for skilled labor force and help the state prepare qualified staff that the economy requires. At the moment, dual education is not properly regulated, except for an article in the Education Code, which discourages the business community from getting involved into dual education. Moldovan businessmen have asked the Economic Council for assistance.

Business community has called for changes in legislation to enable businesses to overcome

barriers to dual education implementation. During 2017, experts of the Economic Council Secretariat and members of the platform made fact finding visits to several enterprises where dual education is piloted to find possible solutions to the problem. Following several debates, it was proposed to promote the adoption by the Government of the Regulation on the organization and development of dual education in the Republic of Moldova, developed by a working group constituted at the initiative of the Ministry of Education.

The document was debated in the Platform of the Economic Council by representatives of decision-makers, business and national and international experts. Several proposals for improving the document were launched during the debates, some of which were taken into account when the Regulation was finalized.

The Secretariat of the Economic Council will monitor the promotion of the document in the Government throughout the process.



## *Business community requires government to regulate non-medical services*

The Union of Private Medical Sanitary Institutions - addressed the Economic Council on the need to ensure the access of patients to additional services within the State Insurance Program and offer them the possibility to contribute financially for these services.

The Union came up with the draft of the regulation, which purpose is to improve the existing legal framework. Currently, the Moldovan legislation does not explicitly define what are non-medical services associated with medical services. By offering the patient the opportunity to choose between a wider range of services it aims to increase patient satisfaction - a basic indicator showing the functionality of a medical institution and its competitiveness. The draft regulation is now being debated.

## *Capping trade discounts*

A series of addresses from the business community regarding amendments to Law no. 231 of September 23, 2010 on internal trade that provides for the capping of trade discounts by no more than 10 percent came to the Economic Council and the Prime Minister of the Republic of Moldova.

At the request of the business community the Secretariat of the Economic Council held meetings with representatives of business community and public institutions, which concluded that these amendments do not meet the interests of producers, trade networks and end consumers.

As a result of these meetings, members of the Economic Council have requested an analysis of good international practices, to be conducted by an international company that was later contracted by GIZ Moldova. The Secretariat will monitor the process further.

## *Registration of immovable property*

There are five procedures in Moldova preceding the registration of immovable property. The international Doing Business ranking placed our country in the 20th position in this area. With the participation of the Secretariat of the Economic Council and stakeholders, Ministry of Justice has prepared a draft amendment to legal acts in order to optimize procedures at the authentication stage of immovable property sale contracts, reducing the number of procedures from five to just two.

This will significantly reduce the administrative costs and will considerably improve the position of Moldova in the international ranking in this regard. The Government approved and forwarded amendments to the Parliament. Meanwhile, the Ministry prepared the draft law on the notary procedure, which took into account the procedural improvements developed with the involvement of the Economic Council. The draft was approved by the Government and will replace the previous amendment. The Economic Council Secretariat will monitor the process further.

## *Regulation of food waste management*

During the debates chaired by the Prime Minister of the Republic of Moldova, Economic Council tackled the need to create the mechanism of food returns.

The National Agency for Food Safety jointly with international experts have developed a draft law to regulate food waste and non-edible by-products in accordance with EU legislation. The law is under public consultation. The Economic Council Secretariat monitors the situation and facilitates the promotion of this law.

## *Developing the list of priority occupations*

On the basis of proposals from the Economic Council Secretariat, the Government will draw up a list of priority occupations. This list is mentioned in the law on Labor Migration adopted by Parliament in 2017. The list will be drafted by the Ministry of Health, Labor and Social Protection.

The document should be shared with the business community. Consultations in this regard will take place within the framework of the Economic Council platform.





# National Trade Facilitation Committee

## *Economic Council to the Prime Minister is exercising the functions of the National Trade Facilitation Committee.*

Economic Council to the Prime Minister of the Republic of Moldova is also exercising the functions of the National Trade Facilitation Committee.

A decision on this was taken by the Government on 13 January 2017. This Committee, the creation of which is a commitment of the country following the signing of the World Trade Organization Agreement on Trade Facilitation, aims to find solutions to help Moldova's integration into the global trading system.

Experts from the Economic Council will connect experts from abroad and representatives of the central public administration to the process

of finding solutions for business community. Experts aim to find ways to implement reform strategies, track the country's resources, capabilities and priorities in terms of trade facilitation.

The ultimate goal of the National Trade Facilitation Committee within the Economic Council is help institutions responsible for trade promotion have a common vision to implement effective reform in this area. Customs Service, Phytosanitary Control, Health, Quarantine and Standardization Agencies must work together to manage risks and procedures in line with the commitments to the World Trade Organization.

## *The Government approved the National Trade Facilitation Plan for 2018-2020*

*On November 30, 2017, the Government approved the National Trade Facilitation Plan for 2018-2020.*

The document includes about one hundred sector development actions. The main measures are related to the optimization of the administrative procedures applicable to trade, including simplification of customs procedures, implementation of one-stop shop for trade, development of the concept of Authorized Economic Agent and electronic transit system. At the same time, the necessary infrastructure for the realization or control of

foreign trade will be improved, modern information technologies will be applied to state control procedures and for the interaction with the business environment (electronic customs clearance, use of electronic documents). 14 public authorities and institutions will be responsible for the implementation of the plan, and cooperation with the private sector is also needed.

Here comes into play the communication platform of the National Committee for Trade Facilitation, the functions of which are exercised by the Economic Council to the Prime Minister of the Republic of Moldova.

## *Customs value for imported goods*

Customs Service has created a special Working Group to examine the objections of economic operators who disagree with customs value for imported goods determined by the inspector.

The decision was made on 30 November 2017. The business community welcomed the creation of the Working Group. The issue of establishing the customs value was brought up by the economic operators at the meeting of the National Committee for Trade Facilitation whose functions are exercised by the Economic Council to the Prime Minister. Most grievances stem from the fact that the determination of value for the

same commodity differs from one border crossing to another. Business community has requested that a clear and transparent criterion be applied when determining the value of imported goods with a written argumentation by the Customs Service officer who refuses to determine the value in customs for the imported goods at the price declared by the importer.

The issue is also being reviewed by a team of international experts from the World Bank. After a fact finding visit to Moldova in November 2017 experts will make recommendations on how to overcome this problem.

*Those who say it can't be done are usually interrupted by others doing it.*

*Chinese proverb*





## PR & Media

*The Secretariat of the Economic Council has developed the Communication Strategy (the first of its kind for the Economic Council) for 2017. It included the main tools for promoting the activity of the Economic Council.*

*The Secretariat of the Economic Council has developed the Communication Strategy (the first of its kind for the Economic Council) for 2017. It included the main tools for promoting the activity of the Economic Council. Throughout the year the Economic Council Secretariat has used a clear, simple and understandable language in its communication with the general public and the media, so that reforms promoted by the platform were readily received by citizens and media representatives.*



**Redesigning the web site consecon.gov.md.** The web site contains information about the Council's status, mission and objectives. Visitors of the web site can find out who the members of the Economic Council are, how many working groups exist within the Council Secretariat and what their fields of activity are.

All the outcomes of the Council are posted on the website. Minutes of the meetings of the Working Groups and those chaired by the Prime Minister are systematically posted on the webpage. A press release accompanies each meeting. **The news from 22 September 2017 on the Reform of the sanctions system for economic offenses has gathered as much as 978 views.**

Providing visitors with the opportunity to send messages to the e-mail address of the Economic Council directly from the website was a new experience, something which could not be done prior to website redesign.

**Reflecting the activity of the Economic Council in media sources.** The topics tackled during Economic Council sessions are increasingly drawing the attention of media sources.

Thus, during the year 2017, out of 157 appearances in the press, 15 news coverages and debates were made by local television stations. Among the issues addressed by the television were the new provisions of the Labor Code, simpler procedures regarding the issuance of work and residence permits, the sanctioning system in the economic area, fight against the phenomenon of „envelope wages”, etc. Radio stations aired news about Economic Council and its Secretariat as well.

**The resumption of the official website of the Economic Council on Social Networks** (Facebook, Odnoklassniki and Twitter) has allowed the number of visitors to consecon.gov.md to surge. News about the meeting of a working group would generate a larger number of readers as a result of placing an ad on social networks, accompanied by photos or videos from the meeting.

In this way the Council managed to get out of „anonymity” becoming a source of information not only for members of the Economic Council but also for the general public. Social networking has become an additional platform for the Council to interact with all those who have questions, comments or requests to the Secretariat, responding promptly to all the queries.

**The Secretariat of the Economic Council has produced 3 videos about 3 promoted reforms - constructions, amendments to the Labor Code and facilitating the issuance of work and residence permits.** These videos have been disseminated on social networks with over 7800 views in the last three months of 2017.

**The Secretariat of the Economic Council signed a collaboration agreement with monitor.fisc.md,** one of the most popular periodicals of the business community. Based on this contract, the publication reflected the work of the Economic Council Working Groups during an entire year.



## Partnership & Awards

### *A Memorandum of Understanding was signed between the ECS and the IFC of the World Bank Group*

The document was signed by Cecile Fruman, Director of World Bank Group's Trade & Competitiveness (T & C) Global Practice and Head of the Economic Council Secretariat Ion Lupan.

The Memorandum of Understanding signed between the Secretariat and the International Financial Corporation of the World Bank Group provides, inter alia for the contracting of local and / or international experts to work in permanent or ad hoc working groups created within the Economic Council, while their activity will be coordinated by the Secretariat.

### *Memorandum of Cooperation signed between the ECS and Project „Advice to the Government on Economic Policy” GIZ Moldova*

The document stipulates, among other things, the coordination and planning of joint actions of the two entities. The partners will exchange planned activities on a permanent basis in order to coordinate actions on a concrete topic.

The document also allows for the creation of Joint Working Groups at the request of the Economic Council Secretariat and GIZ will be able to select and contract local and / or international experts to be attracted to the work of the permanent or ad-hoc working groups. Under the GIZ proposal, the Economic Council Secretariat will discuss as appropriate topics on economic development and job creation within its Working Groups.

### *In Criuleni, an Economic Council similar to the one working with the Prime Minister was created*

The outcomes of the Economic Council's work have determined Criuleni counselors to replicate the experience from Chisinau, voting unanimously on June 6, 2017 for the creation of the Economic Council to the President of the district. The initiative to create a similar Council in Criuleni belongs to the district President Veaceslav Burlac.

According to him, the district is very much in need of this council because due to a lack of communication between the business community and local public administration, Criuleni business has

been facing difficulties. The district leadership started the collaboration with the Secretariat of the Economic Council at the stage of preparing materials for the creation of its own Council, and Secretariat made recommendations to the text of the documents to be voted by district councilors.

### *Economic Council is given the highest mark!*

The World Bank granted the Economic Council to the Prime Minister the Howard Award for Innovation. This distinction is granted for the innovative way in which the platform for public-private dialogue has been developed. It also mentions the creation of new mechanisms for identifying and solving issues in the area of development.

*The award was made during the 9th edition of the Public Private Dialogue Forum, held from 9 to 11 May 2017 in Tunisia.*

They mentioned Working Groups and involvement of business community in their coordination, the way in which Economic Council is kept informed, how issues are being examined and how solutions are being sought.





## Survey

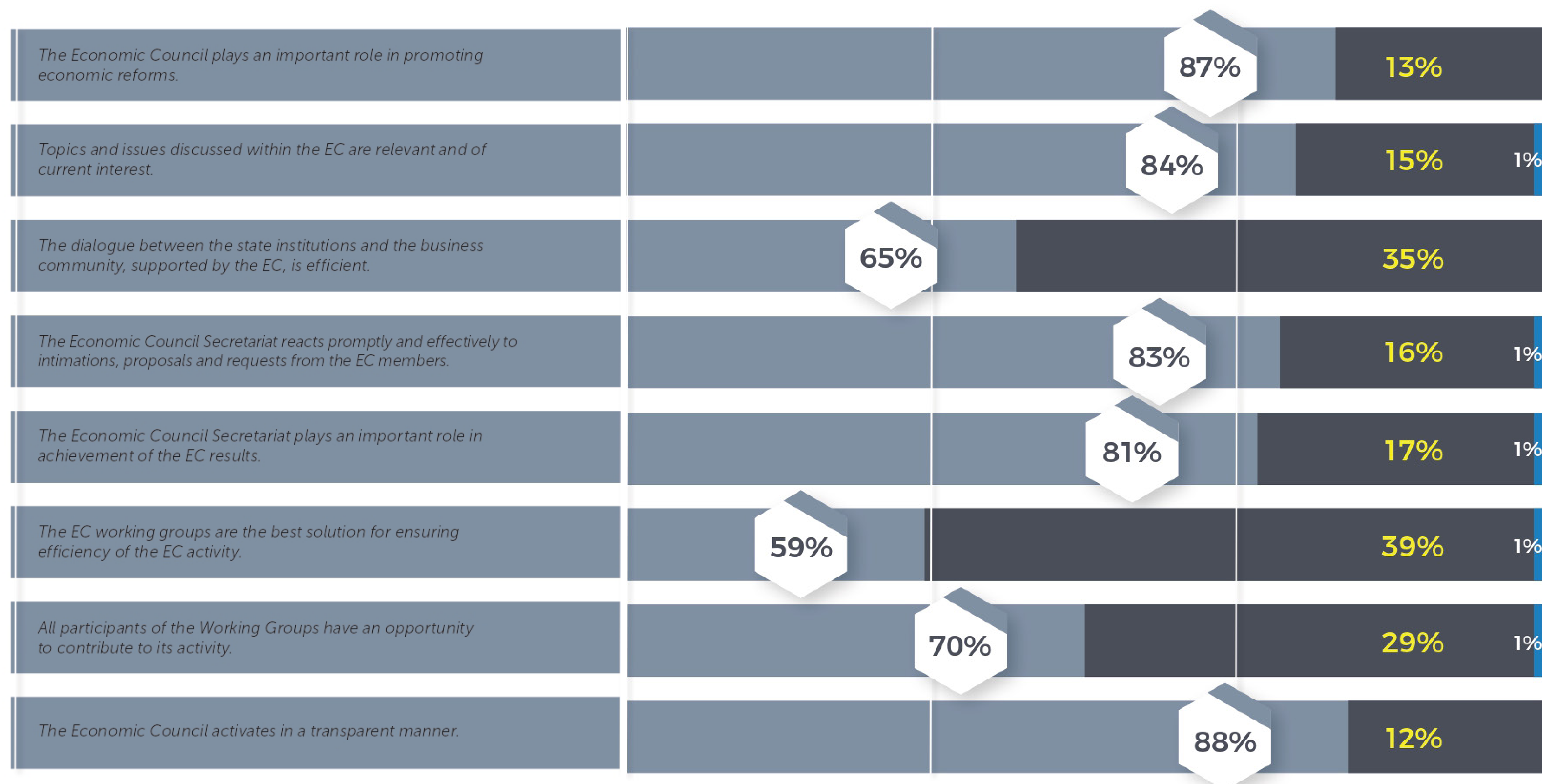
### What do Economic Council members say about its activity?

An opinion poll organized by the Secretariat of the Economic Council shows what is the role of the Council in promoting economic reforms and the importance of dialogue between business and state institutions.

87% of respondents believe that the Economic Council plays an important role in promoting economic reforms. And 84 % agree that issues debated within the Economic Council are relevant and topical. 88 percent of respondents strongly agree that the Economic Council is working in a transparent way. Respondents have called for better information in the future on the outcomes of topics examined within the Economic Council and the Working Groups.

Others have called for the Council to monitor the actions of state institutions that have a negative impact on business development. Subsequently these issues could be debated within the platform and solutions found. According to opinion polls, the Economic Council to the Prime Minister is the most efficient platform in implementing the Association Agreement.

According to the opinion surveys, at the moment, Economic Council to the Prime Minister is the most effective platform for implementing the Association Agreement.



The questionnaire was answered by 69 out of 71 members of the Economic Council. The poll was conducted between November and December 2017.

Totally agree  
Partially agree  
Partial disagree  
Totally disagree



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*We are grateful for the individuals and organizations whose understanding and support make our work possible.*

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