



USAID
FROM THE AMERICAN PEOPLE

**Business Regulatory, Investment,
and Trade Environment Program
(BRITE)**

BUSINESS REGULATORY, INVESTMENT, AND TRADE ENVIRONMENT PROGRAM

**SECOND QUARTERLY REPORT
OCTOBER – DECEMBER 2012
AID-117-I-12-00001, TASK ORDER I**

29 Sfatul Tarii Str., Business Center “Le Roi”, Fourth Floor
Chisinau, Moldova 2012

JANUARY 2013

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International.

TABLE OF CONTENTS

Acronyms	ii	
Executive Summary and Program Highlights	iii	
SECTION I	Project Results by Component	1
	A. Component 1: Tax Administration and Trade Facilitation	1
	B. Component 2: High-Impact Regulatory Reforms	5
	B. Component 3: Strategic Communications	7
	C. Other Program Activities	10
SECTION II	Operations and Administration	11
SECTION III	Preview of Upcoming Quarter	12

ACRONYMS

AmCham	American Chamber of Commerce
ATIC	Association of Private IT Companies
BizCLIR	Business Climate, Legal, and Institutional Reform
BIZTAR	Business Regulatory and Tax Administration Reform
BRC	Business Research Company
BRITE	Business Regulatory, Investment, and Trade Environment Program
CNAS	National Social Insurance House
DCOP	Deputy Chief of Party
EBA	European Business Association
e-Gov	E-Government Center
EIF	Economic Integration Forum
EUBAM	European Union Border Assistance Mission to Moldova and Ukraine
FEZ	Free Economic Zone
GOM	Government of Moldova
IFC	International Finance Corporation
IMF	International Monetary Fund
LGSP	USAID Local Government Support Project
MCS	Moldova Customs Service
MOE	Ministry of Economy
MSTI	Main State Tax Inspectorate
OSS	One-stop-shop
PMEP	Performance Monitoring and Evaluation Plan
RFP	Request for Proposals
SIDA	Swedish International Development Cooperation Agency
SRC	State Registration Chamber
STS	State Tax Service

EXECUTIVE SUMMARY AND PROGRAM HIGHLIGHTS

Chemonics International is pleased to present its second quarterly report for Year 1 under the USAID Business Regulatory, Investment, and Trade Environment (BRITE) Program in Moldova. This quarterly report covers the period of October 1 to December 31, 2012. In this quarter, the BRITE project completed its first major technical activity, the Business Climate, Legal, and Institutional Reform (BizCLIR) assessment, completed its first annual work plan, and held the official project launch event.

Program Highlights and Successes

The following are highlights of some of the major achievements of the project over the last quarter. These and other activities are discussed in more detail later in the report.

- BizCLIR assessment report was completed and provided to USAID and other key stakeholders for review. The report's main recommendations have been included in the BRITE work plan and some have also been included in the Government of Moldova's (GOM) regulatory reform strategy for 2013-2020.
- The project held its official launch in November at the Codru Hotel in downtown Chisinau. Prime Minister Vlad Filat and U.S. Ambassador spoke at the event, which was attended by more than 80 of BRITE's stakeholders in the public, private, and civil society sectors.
- BRITE has established strong working relations and joint activities with its main government counterparts, namely the State Tax Service (STS) and the Customs Service within the Ministry of Finance, the Ministry of Economy, and the E-Government Center.
- The STS agreed with a BRITE proposal to expand the membership of its public-private "Conformity Council" to include American Chamber of Commerce (AmCham) and the European Business Association (EBA). Two meetings of the council took place this quarter.
- BRITE concluded an agreement with the Main State Tax Inspectorate (MSTI) and FiscServInform to complete the final piece of programming for the Taxpayer Current Account. Online access for taxpayers should be complete in February with an official launch and promotional campaign to follow.
- The Customs Service agreed to reactivate the national consultative council and allow the private sector to serve as secretariat in support of the council. The first meeting was held in early December – the first in over two years – and was well attended, including three new members added at BRITE's request – AmCham, EBA, and the Association of Private IT Companies (ATIC).
- BRITE and Danube Logistics prepared proposals and draft legislation designed to improve administration of the Giurgiulesti Port and to make the port more competitive. These will be discussed with government stakeholders in early 2013.
- BRITE and the USAID Local Government Support Project (LGSP) have tentatively agreed to cooperate to establish a one-stop-shop (OSS) information and service center in Ungheni that can serve as a model for OSSs at the local level.
- In support of the Ministry of Economy's (MOE) efforts to improve Moldova's 2014 *Doing Business* Ranking, BRITE began preparing specific proposals and legal amendments to improve the rankings in Paying Taxes, Trading Across Borders and Protecting Investors. These proposals should be finalized in early 2013.

SECTION I: PROJECT RESULTS BY COMPONENT

A. Component 1: Tax Administration and Trade Facilitation

Using the momentum created by the BizCLIR roundtable and project launch, BRITE's Component 1 team focused their quarter two efforts on building the foundation for effective cooperation and coordination with key stakeholders and relevant donors.

Key stakeholder mobilization. Over the course of this reporting period, our component team initiated a series of targeted meetings with Ministry of Finance (MOF) and its two key agencies, the STS and the Moldova Customs Service (MCS) designed to establish a strong working relationship in support of BRITE's objectives. As a result of these discussions, BRITE's relationship with these key component 1 stakeholders moved from informational to increasingly operational. BRITE's Deputy Chief of Staff (DCOP) now attends weekly meetings with the head of the STS, Mr. Nicolae Vico to discuss possible areas of cooperation and evaluate the progress of ongoing initiatives. Following meetings with the head of MCS, Mr. Tudor Baltichi, BRITE has secured support for our activities and received access to MCS staff.

In response to media reports this quarter of disputes among major foreign investors and the STS and MCS, which threaten continued investment in Moldova, BRITE met with the prime minister's investment promotion team and agreed to cooperate in building the prime minister's support for targeted reforms in tax, customs, and the business environment in general.

Coordination with other donors. Simultaneous to conducting stakeholder outreach, our component team established working relationships with other donors active in tax administration and trade facilitation, most notably:

- Swedish International Development Cooperation Agency (SIDA): SIDA has a strong relationship and long history of supporting the STS. To make sure our efforts complement ongoing initiatives, BRITE reached a preliminary agreement with SIDA to develop a single working group on STS support.
- EU Border Assistance Mission (EUBAM): BRITE agreed with EUBAM to provide joint support to MCS and to hold a donor coordination roundtable at the end of January.
- European Bank for Reconstruction and Development (EBRD): BRITE is planning a joint event in early 2013 on legislation affecting the Giurgiulesti Port.
- World Bank: The Bank has funded a Trade Logistics Survey for Moldova that included detailed analysis of the MCS and trade infrastructure in the country. Many of the findings validate those of BizCLIR and may lead to future funding that targets trade facilitation. BRITE and the Bank have agreed to cooperate in any future trade-related activities.
- International Monetary Fund (IMF): BRITE has met several times with IMF representatives and technical assistance providers to ensure our activities complement one another.

A1. Intermediate Result 1.1: Improved Tax Administration Reduces Administrative Burden of Paying Taxes while Increasing Revenue Collection

Enhance human and institutional capacity of the STS. The STS is still undergoing a major reorganization that will not be completed until early 2013. Furthermore, its primary goal in the short term has been to maximize the collection of revenues and meet its targets by the end of 2012. This has prevented BRITE from developing a more comprehensive joint capacity building plan, but we are hopeful this will be possible in early 2013. The SIDA project will also begin in mid-January 2013, which will allow for a coordinated donor effort in capacity building and training.

Strengthen the consultative process and mechanisms between the STS and the private sector. The STS convened its newly created Conformity Council in November and December and accepted BRITE's proposal to expand the membership of the council to include AmCham, EBA, and ATIC. The council's mandate is to ensure compliance with tax legislation among taxpayers, but BRITE has recommended that it also include input from the private sector on ways to encourage compliance and clarify tax rules. In the December meeting, BRITE supported ATIC to propose an agenda item to clarify 2012 tax provisions affecting employees of firms in the software development industry. As a result, the MOF agreed and provided the clarification on applying the associated legal provisions.

Work with the STS, FiscServInform, and e-Government Center to streamline tax procedures and improve communications. This quarter the project agreed to support the completion and launch of the Taxpayer Current Account, which will allow taxpayers to access their accounts online and create the opportunity for other government agencies to do the same, thus eliminating in the long run the need for taxpayers to provide these separately and thereby saving time and costs for business. The Current Account was initiated by the USAID Business Regulatory and Tax Administration Reform (BIZTAR) project but never fully completed. The project contracted DAAC Systems, the same IT company that developed the current account platform under BizTAR, to complete the additional work and to ensure the error-free transfer of tax information from the National Social Insurance House (CNAS) into the current account system. In addition, the project signed an agreement with the STS, FiscServInform, and DAAC outlining the goals of the project and the specific milestones to be achieved, including: a functional online current account, formal launch, a training and outreach program, and an implementation plan commencing the first quarter of 2013. A working group consisting of all stakeholders meets weekly to monitor progress, resolve problems, and ensure timely completion of the work. As of the end of the reporting period, work was on schedule despite the discovery of more data errors than anticipated. Separately, the project's Component 3 team has been developing a communications plan to support the launch of the Current Account (see more information below).

The project met several times this quarter with the e-Government Center (e-Gov) to discuss areas of cooperation. The e-Government Center has agreed to support the taxpayer current account by allowing access to it through the national e-Government portal. E-Gov will also create an inter-ministerial working group, of which BRITE will be a member, in early 2013 to develop recommendations for unifying the separate reporting of income taxes, pension and medical contributions, and statistics data. Doing so would drastically lower costs for businesses and immediately improve Moldova's *Doing Business* ranking.

Identify and eliminate burdensome tax procedures and processes. During this reporting period, BRITE also supported ongoing efforts to improve tax policy and administration. BRITE reviewed a draft reporting form from the STS designed to unify the reporting of a variety of local taxes currently reported separately. The issue of separate reporting was identified in the BizCLIR assessment. After a careful review, the BRITE team met with the heads of the department of Tax Methodology and the department of Local Taxes to discuss ways to improve the form by clarifying the language and structure and eliminating some unnecessary references. Following the meeting, the STS integrated most of BRITE's suggestions and approved the final form. At present, FiscServInform is developing the software that would allow processing of the new form, after which the new process will be rolled out.

Following several media reports of disputes between the STS and some foreign investors, BRITE agreed to collaborate with AmCham and others to address the issue at the core of the current dispute – the tax treatment for employer-provided benefits (such as meals and transportation) to employees. The current tax code is unclear on whether these in-kind contributions are deductible for income taxes and/or social fund purposes. BRITE and AmCham have agreed to develop a proposal for consideration by the STS and to seek a clear ruling on future treatment and an agreement not to assess penalties retroactively. This issue will also be addressed in the Conformity Council.

In its regular meetings with STS staff BRITE has also identified other areas of mutual interest. These include improving the process of voluntary liquidation of companies (a major BizCLIR finding) by streamlining the STS's involvement in the process, and improving taxpayer services at the local level. The former is also being addressed in Component 2 (see below).

A2. Intermediate Result 1.2: Time and Cost of Moving Goods across Borders Reduced

Perform key baseline studies. During this reporting period, the project completed a short study that compared time and costs required to import or export as reported in the World Bank's *Doing Business* report with the actual experiences of three Moldovan importers/exporters and a transport and brokerage company. This study allowed the project to identify inconsistencies with the World Bank's data and areas for improvement. Working together with Customs and the MOE as entities responsible for improving Moldova's overall *Doing Business* ranking, BRITE will use the information gained to identify and prioritize areas of intervention (see additional information on BRITE's efforts to identify ways to improve Moldova's performance on the *Doing Business* report in Component 2).

In addition, the project has developed a scope of work for a trade mapping baseline assessment to be conducted by project subcontractor Economic Integration Forum (EIF). The project has worked with the Customs Service to define the format and methodology of the assessment and expects the work to begin in late January.

Reactivate the national-level consultative council and engage stakeholders. As a result of recommendations made during the BizCLIR roundtable, the Customs Service's National Consultative Council met for the first time in over two years this December. BRITE successfully advocated to expand the membership of the council to include AmCham, and ATIC. Agreement was reached that BRITE will serve as the secretariat for the Consultative Council for approximately six months, after which time the secretariat will rotate among the

council's other private sector association members. These changes should allow the private sector to help shape the agenda, ensuring a more constructive and representative dialogue. Although the first meeting was largely organizational, it did include discussions of regulatory issues related to transit procedures, the implementation of the Customs Services' upgrade to the ASYCUDA World information system, and legal regulations related to customs brokers' liability. The next meeting is scheduled for February 2013.

Eliminate burdensome import-export procedures. Some of the most burdensome import-export procedures facing Moldovan traders were identified in the BizCLIR assessment and included in the year one work plan. During this quarter, BRITE was able to raise some of these through its work with the MOE and will attempt to address others in subsequent meetings of the national consultative council.

For example, some of the BizCLIR findings were included in the GOM's regulatory reform strategy for 2013-2020. These were shared with BRITE and clarified further with our input. These are now being discussed between the MOE and MOF to agree on specific reform initiatives to which BRITE will offer support.

Similarly, BRITE has been asked by the MOE to prepare a roadmap for improving Moldova's *Doing Business* "Trading across Borders Ranking" in time for the 2014 report. BRITE submitted a preliminary proposal in early December that was well received by the MOE. Currently, the project is working on the specific legal amendments required to implement them. These efforts have focused mostly on implementing streamlined import-export procedures.

BRITE reviewed regulations drafted by the MCS to implement new post clearance audit procedures. Post audits are part of a risk-based enforcement program and represent international good practice. However, they operate on the presumption that most shipments with proper documentation are cleared without inspection and allowed to enter free circulation. In BRITE's opinion, the draft procedures presented vest Customs with excessive powers without the corresponding facilitation benefits to the private sector. BRITE provided its commentary to the MOE and encouraged other private sector stakeholders to do the same. The procedures must be approved by government decree so there is an opportunity to improve the final draft.

Finally, in response to complaints from various companies within Free Economic Zones (FEZs), including the German auto parts manufacturer Drexelmaier, amendments to the law On Free Economic Zones were drafted and proposed to some members of parliament. As these were shared with the MCS for their comment, MCS shared them with BRITE and requested our input. We were able to provide much improved detail and language to the amendments, though these were not included in the final draft as MCS did not agree with the suggestions. The final amendments did, however, eliminate some duplicative customs procedures within FEZs.

Reduce operational and clearance costs at the Giurgiulesti Port. Work continues on BRITE's support to operators of the Giurgiulesti Port, Danube Logistics, to make the port a more attractive gateway for Moldovan trade. At present, the port is operating at far below its capacity. The BRITE team has met several times with the Danube Logistics operational team and even visited the port in November to see firsthand the infrastructure and operational challenges it faces. Based on this, BRITE completed a preliminary analysis of the situation

that identifies some key reforms and their potential impact. These include separating the FEZ and the Port, administratively, to eliminate duplicative and costly customs procedures, allowing duty-free and declaration-free movement of certain goods into the port and FEZ, and improving the rail infrastructure and completing the rail link to the Romanian border. BRITE is also working with the EBRD, the port's other major shareholder, to advocate for these reforms and present specific amendments to the law "On the Giurgiulesti Port" to the government and parliament in early 2013.

Support capacity building in the Customs Service and private sector trade community. To avoid duplication of efforts and leverage ongoing activities, the BRITE team has met several times with EUBAM teams from Odessa to explore possible collaboration. The most likely areas of focus include assisting the Customs Service to implement best practices stemming from EUBAM trainings and seminars, such as the implementation of new post clearance audit procedures (see above) and supporting capacity building for Customs' communications efforts, as described below in Component 3.

B. Component 2: Other High-Impact Reform Activities

This quarter, BRITE significantly advanced its work with the MOE and others in identifying and implementing high impact reforms. Guided largely by the findings in the BizCLIR assessment and the GOM's own draft regulatory reform strategy, the first year work plan contains initiatives targeted at improving Moldova's *Doing Business* ranking in 2014, implementing new rules on OSSs for local permits, and pursuing e-Government improvements to businesses processes.

Implement e-Government solutions to reduce administrative burdens on business and opportunities for corruption. The project met with the e-Government Center (e-Gov) to discuss IT solutions for OSSs in construction permitting and trade authorizations. E-Gov is now developing an electronic platform for several government services that should be completed in September 2013 and that could serve as the platform for OSSs. The project also attended a central-level working group meeting on OSSs led by Minister of Economy Valeriu Lazar and also reviewed a feasibility study prepared by the International Finance Corporation (IFC) on the creation of an OSS for construction permits in Chisinau.

In the second quarter, BRITE met with the head of the National Health Insurance Service (CNAS), Maria Borta, and her staff to discuss initiatives and possible areas of cooperation. CNAS worked closely with the BIZTAR project and would welcome similar cooperation with BRITE. An area of concern for CNAS is the shift from annual to quarterly reporting by businesses beginning in 2013. This will likely increase business compliance costs and CNAS workload if businesses do not adopt e-reporting. One problem with e-reporting is that it requires an electronic (digital) signature that is prohibitively expensive for most businesses to adopt. Alternatively, the mobile signature recently launched by e-Gov is a cheaper solution for electronic signatures, but may not be functionally capable of addressing the problem. BRITE has analyzed CNAS' reporting changes and other related issues and will organize focus groups in early 2013 with CNAS and local accountants to investigate ways to increase the usage of the e-reporting system. Starting with 2013, this e-reporting platform will incorporate reporting to CNAS and it is envisaged that it will include National Bureau of Statistics reports. All these will increase the advantages for businesses to use the e-reporting system.

Reduce the burden of government inspections and controls by helping implement risk-based control procedures. No work was completed under this activity as a new law has yet to take effect. BRITE expects the MOE will request support for a roundtable in early 2013 to introduce the main features of the law and the requirements for government agencies to comply within a three-month period.

Simplify procedures for “Closing a Business.” The onerous and lengthy process to voluntarily close a business was one of the key findings of the BizCLIR assessment. To address this, BRITE has undertaken a legal analysis of the procedure and plans to conduct a survey of recently closed businesses, as well as to conduct a focus group in early 2013 of lawyers, liquidators, and others familiar with the process, to identify the main constraints and prepare recommendations for the MOE.

At the same time, the procedures for starting a business, though improved, were identified by BizCLIR respondents as not fully implemented and still imposing unnecessary costs. To address this, BRITE surveyed a group of 215 businesses that recently completed the registration process project, mapped the procedures and compared those to the steps required by law. What we discovered is that many companies continue to undergo unnecessary steps and visit other government agencies no longer required by law. This is partly due to incomplete information provided by the State Registration Chamber (SRC) and unjustified demands for other agencies. BRITE will present these findings to the MOE in early 2013 and will work with the SRC and others to more effectively communicate the required steps. The project’s strategic communications team will provide support as necessary in improving the information new business owners receive as part of this process.

Streamline the issuance of permits at the local level. BRITE is working along several fronts to streamline the issuance of various permits and authorizations. A pending government regulation will require certain agencies to develop and implement OSSs for their respective permits issued at the national level, and the same will be recommended for permits issued by local authorities, which include all construction permits and trade authorizations.¹ Implementing OSSs for trade permits is also an MOE priority. This provides BRITE with strong legal and institutional support. The challenge is in convincing local authorities to fully support and implement a true OSS.

To support implementation of OSS activities on the local level, BRITE is collaborating with LGSP in developing OSS Information and Service Centers based on models in use in Romania. LGSP has selected Ungheni as a pilot city, given the support of the mayor and a small grant being provided by the European Union (EU). LGSP plans to issue a Request for Proposals (RFP) in early 2013 to select a local partner to team with a Romanian expert and develop the concept of the OSS and fully implement it. BRITE has agreed to provide its own staff as technical support and possible funding for the business services portion of the OSS. In December, BRITE staff provided comments on a draft scope of work of the RFP as it relates to business permits and services. LGSP plans to have a functional OSS model in place by mid-2013, which is more ambitious than similar plans in the MOE and the e-Government Center and promising for BRITE as it could lead to a functional model that could be replicated in other cities.

¹ These are permits authorizing the conduct of particular businesses at the local level, e.g. retail shops

In addition, BRITE has provided assistance to translate into Russian a set of amendments to laws to implement Guillotine 2+. A Russian-language version is needed for parliamentary review and approval and will pave the way for full implementation of these reforms. This law will help to reduce the number of permits and authorizations by recognizing only those in law, which will also help in establishing the legal functions of OSSs at the national and local level.

Develop recommendations and advocate for reforms to improve the Doing Business ranking in 2014. In the second quarter, BRITE finalized its first major technical deliverable—the Business Commercial, Legal, and Institutional Reform assessment (BizCLIR). Staff in USAID/Moldova and USAID/Washington reviewed the report and provided input during its finalization. Preliminary results were also shared with the MOE through BRITE’s partner Business Research Company (BRC). This has led to several parallel work streams with the MOE.

First, the BizCLIR assessment has helped to inform and clarify certain parts of the GOM’s new regulatory reform strategy for 2013-2020 and an accompanying three-year action plan of specific reforms. The draft action plan was shared with BRITE for comment and we provided a number of additions and clarifications to sections on tax administration, trade, business registration, and liquidation, etc. These are now being discussed with relevant agencies in the government and will be submitted for approval in early 2013. The MOE plans to submit this strategy and action plan as a draft law for approval by Parliament. If this effort is successful it will improve the chances for fuller implementation, but it may also delay the approval process.

Second, the MOE is tasked with submitting recommendations for improving Moldova’s *Doing Business* ranking in the 2014 report that would take effect prior to June 2013. BRITE has agreed to assist in this effort by developing specific reform roadmaps in three areas – “Paying Taxes”, “Trading across Borders”, and “Protecting Investors”. The IFC will provide recommendations in the areas of “Construction Permits”, “Starting a Business”, and “Insolvency.” BRITE has submitted preliminary roadmaps to the MOE for comment and is now refining these as well as beginning to draft the specific legal amendments required. In the case of “Protecting Investors”, BRITE has engaged a local lawyer who assisted in the BizCLIR assessment, and will likely engage other legal experts as needed to finalize the drafts by the MOE’s deadline of February 2013.

Improve regulatory drafting and eliminate unjustified regulations. No work was conducted under this activity in the second quarter. The World Bank and IFC, however, did request BRITE to consider funding the RIA Secretariat when their funding ends in June 2013. The MOE is concerned that if the RIA Secretariat folds then the National Working Group will also cease to function properly, and the Bank will not have additional funds until at least mid-2014. BRITE agreed to consider the proposal and is now working to review the budget implications and the benefits to the project and will submit a proposal to USAID.

C. Component 3: Strategic Communications

In this quarter, BRITE held its official project launch and made significant progress toward completing its project communications tools, including the website. In addition, the project’s communications team has reached agreement with its counterparts in the public sector on

joint efforts moving forward, both in capacity development and communicating about BRITE-supported reforms.

C1. Increased Awareness and Understanding of Business Climate Reform, Progress Achieved to Date, and New Reform Initiatives

Stakeholder mapping and analysis. BRITE signed a contract with Magenta Consulting to carry out stakeholder mapping and analysis. The subcontract includes quantitative and qualitative research elements designed to gain insights into knowledge, attitudes, and practices of stakeholders in the private sector, as well as the general public. The project will also set a baseline for several of the indicators in its performance monitoring and evaluation plan through this contract. The early onset of heavy snow in Moldova has slowed the implementation of the contract's quantitative survey work. However, the project anticipates receiving the final report from the subcontract in February.

Develop BRITE's strategic communications plan. The BRITE communications team has neared completion of the project's internal communications strategy (as differentiated from the project's communications capacity-building efforts, which are described in the work plan, and the national communications plan). This strategy describes how the BRITE project will communicate about its work and included communications objectives, target audiences, key messages, and a timeline for implementation.

Develop and implement "mini-strategies" for each reform. The project's communications team is supporting reform initiatives under Component 1 and Component 2. The project has developed a communications plan surrounding the launch of the current account system, and the strategic communications advisor has begun to attend working group meetings to support this effort.

Build communications capacity among key government stakeholders. The project's work in capacity building for its partners will get started in earnest in quarter three. This is due to the groundwork laid in the previous quarter, particularly with other donors who are or will be supporting communications programs. The project agreed with EUBAM to hold a joint training on media relations, crisis communications, and communications strategy for Customs, the Border Police, and other GOM institutions. With STS, the project is moving forward with plans to support the development of a communications strategy that integrates the disparate government and government-related institutions that are responsible for communications on tax policy and tax administration issues.

Develop framework for national communications campaign. The project developed a concept paper for the national communications strategy, a framework for which is due by the end of Year 1. The paper describes the factors that will shape the scope of the strategy, including objectives, budget, implementation, and determining a leader for the strategy. The project proposes an approach that builds on BRITE's efforts to build communications capacity with its partners and counterparts, and that allows areas of collaboration to arise naturally from the activities identified during that process. The project will facilitate joint activities by forming working groups or roundtables around particular issues or pairing organizations implementing similar work (such as developing internal communications strategies). The project will build on these roundtables by holding annual summits of its communications stakeholders that celebrate the successes of its partners' work, discuss keys to those successes, and, most importantly, identify future areas of collaboration among stakeholders.

Coordination with other donors. In November, the project met with EUBAM's communications officer and agreed to collaborate on an upcoming training on media relations and crisis communications that EUBAM was planning to hold for the Customs Service, the Border Police, and Anti-Corruption Commission. Thanks to BRITE's collaboration, another day of training on communications strategy development will be added to the agenda, and BRITE will use this training to launch its communications strategy work with Customs. In addition, this quarter the project reviewed the project proposal for the Swedish International Development Cooperation Agency's upcoming program to support the State Tax Service. The program has a large component designed to improve internal communications with the service as well as taxpayer outreach. BRITE provided comments on the proposal and will brief the SIDA team on what it has learned through several meetings with the institutions tasked with communicating about Moldova's tax system, including the Press Office at the State Tax Service, FiscServInform, and the NGO that publishes the *Monitorul Fiscal* magazine.

C2. Intermediate Result 3.2: Stronger, More Effective Private Sector Voice in Public-Private Dialogue on Business Climate Reforms

As noted above, the BRITE program has supported the re-launch of two public-private dialogue mechanisms, the Conformity Council at the State Tax Service and the Consultative Council at the Customs Service. Through these efforts, the project has been able to increase private sector participation in public private dialogue by expanding the membership of these councils to include more private sector associations.

In addition, during the second quarter the project attended two key events: the National Business Agenda's annual report-out on its progress in achieving its business agenda through public-private dialogue and advocacy efforts and the Slovak Atlantic Council's training program on advocacy for Moldovan NGOs. For the latter, the BRITE project provided support to the council on an as-needed basis as it was planning the event.

In the next quarter, the project will begin its program of support to private sector associations, by launching the PPD diagnostic, which will lead to the design and implementation of a more robust effort to improve PPD in Moldova. Based on this assessment and the project's technical activities, BRITE also will select private sector associations to receive communications capacity building support, including the development of communications strategies.

C3. Project Communications Activities

This quarter, BRITE held its official launch of the project on November 14 at the Codru Hotel in downtown Chisinau. Prime Minister Vlad Filat and Ambassador William H. Moser both spoke at the event, which also was attended by Deputy Prime Minister and Minister of Economy Valeriu Lazar. The project supported the ambassador's participation at the event by writing talking points for his speech. The launch drew more than 80 participants from the public, private, and civil society sectors. Eleven media representatives attended the event, resulting in approximately 20 stories in newspapers, television, and Internet news sites. Privesc.eu also attended, and video of the launch was streamed live on the Privesc site. The project prepared press kits in English, Romanian, and Russian, which resulted in accurate media coverage.

Also this quarter, the project made significant progress on increasing its web presence. The USAID BRITE Facebook page launched in mid-December and already has more than 50 followers, with an estimated reach of nearly 600 people in the week of following its launch. The project has also completed and submitted for approval all of the content for its website and is in the final stages of building the technical infrastructure for the site.

In non-electronic communications, the project prepared an article for publication in Customs' in-house magazine, VAMA, at the Customs Service's invitation. Unfortunately, the story didn't run due to space constraints, although the project is working with Customs to place the story in an upcoming issue. In addition, Chief of Party Kelly Seibold was interviewed for an article that will appear in *Monitorul Fiscal*, the official publication of the State Tax Service.

D. Other Program Activities

BRITE's monitoring and evaluation specialist has been working toward finalizing the project's Performance Monitoring and Evaluation Plan (PMEP), as well as supporting its technical activities. The project's PMEP indicators and Year 1 targets were approved in November, and the project is now developing detailed descriptions for each indicator and will submit the PMEP for approval in early January.

In addition, the project's monitoring and evaluation advisor has been providing research and analysis support to all three of the project's technical components, including analysis of the Giurgiulesti Port operations, surveys and studies to support the development of the *Doing Business* roadmaps, and guidance on the stakeholder mapping and analysis research.

SECTION II: OPERATIONS AND ADMINISTRATION

In the second quarter, BRITE became fully staffed with the addition of Deputy Chief of Party Constanta Popescu, Regulatory Reform Advisor Oleg Grigoroï, and Strategic Communications Advisor Olesea Galusca, to the team in October.

Also in the second quarter, BRITE completed and received approval for its first annual work plan. The plan was developed during a three-day workshop led by Chemonics Director Mina Day, who leads the home-office project management unit that backstops BRITE from Washington, DC. The work plan was based on the BizCLIR assessment and the more than 100 interviews conducted with local stakeholders during the assessment process. BRITE's Contracting Officer's Representative Nancy Reiter also participated in the process, provided her vision of the project, and emphasized the need to focus on the intermediate results and the mandatory indicators when developing specific work items.

SECTION III: PREVIEW OF UPCOMING QUARTER

BRITE is planning the following activities in the coming quarter, among others:

Component 1:

- Launch of the Current Account service in the middle to end of February, including communications support to FiscServInform and the MSTI to reach stakeholders key to the initiative's success.
- Continuing support to the State Tax Service, Customs Service, and private sector associations on developing the agenda for the next Conformity Council and Consultative Council meetings and supporting follow-up and action on the issues raised during the meetings.
- Launch of the trade mapping baseline study by Economic Integration Forum.
- A joint roundtable with the EBRD on improving regulation of activities at Giurgiulesti port to reduce the time and cost of trading goods through the port.

Component 2:

- Completing reform roadmaps in “Paying Taxes”, “Trading across Borders”, and “Protecting Investors together with MOE”.
- Completing the “Starting a Business” procedures survey and discussing them with the MOE and other authorities with recommendations to streamline the process further and reduce unnecessary time and cost.
- Collaborating with LGSP on the OSS initiative, including supporting its tender for a local partner to support implementation.

Component 3:

- Joint training with EUBAM on communications strategy, media relations, and other topics for the Customs Service and associated institutions.
- Support to the State Tax Service and the Ministry of Economy to develop communications strategies.
- Launch of the project website.