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

# Year 1 Annual Report

**BUSINESS REGULATORY, INVESTMENT,  
AND TRADE ENVIRONMENT (BRITE) PROGRAM  
JUNE 2012 – SEPTEMBER 2013**

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## ACRONYMS AND TERMS

AmCham	American Chamber of Commerce
ANSA	National Food Safety Agency
ASYCUDA	Automated System for Customs Data
ATIC	Association of Private IT Companies
B2G	Business-to-government
BCP	Border Crossing Point
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
CISC	Citizen Information and Service Center
CMS	Case Management System
CNAS	National Social Insurance House
COP	Chief of party
CPAS	Social Insurance Personal Number
DCOP	Deputy Chief of Party
EBA	European Business Association
E-Gov	E-Government Center
EIF	Economic Integration Forum
EU	European Union
EUBAM	European Union Border Assistance Mission to Moldova and Ukraine
FAQ	Frequently asked questions
FSI	FiscServInform
GoM	Government of Moldova
ICP	Inland Customs Point
IFC	International Finance Corporation
IMF	International Monetary Fund
IQS	Indefinite Quantity Services
JSC	Joint Stock Companies
LGSP	USAID Local Government Support Project
MCS	Moldova Customs Service
M&E	Monitoring and evaluation
MoE	Ministry of Economy
MoF	Ministry of Finance

MoH	Ministry of Health
MPF	Moldovan Partners Fund
NCCC	National Customs Consultative Committee
NWG	National Working Group on Regulation of Entrepreneurship
NGO	Non-governmental organization
OSS	One-stop-shop
PMEP	Performance Monitoring and Evaluation Plan
PPD	Public-private dialogue
RFP	Request for Proposals
RIA	Regulatory Impact Assessment
RRS	Regulatory Reform Strategy
SIDA	Swedish International Development Cooperation Agency
SCP	Simplified Clearance Procedures
SLC	State Licensing Chamber
SRC	State Registration Chamber
STS	State Tax Service

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## SECTION I - INTRODUCTION

Moldova has made considerable progress in reforming its business environment over the past decade. Much work remains, however, to complete the country's transition to a fully democratic state with an open market economy. Through the Business Regulatory, Investment, and Trade Environment (BRITE) Program, USAID/Moldova is investing in key reforms needed to attract investment, encourage entrepreneurship, increase competitiveness, and solidify the foundation of the country's market economy.

The BRITE program has concluded its first year of implementation, which spanned June 2012 through September 2013. Through a contract modification, Year 1 was lengthened to 15 months, and this report details objectives, activities, and results during this reporting period. BRITE has been working since June 2012 in the following focus areas: tax administration and trade facilitation (which together make up Component 1 of the project), high-impact regulatory reforms (Component 2), and strategic communications (Component 3).

Through its *tax administration* activities, BRITE is working to create a system of voluntary compliance, driven by a fair tax regime, efficient administration, and strong enforcement. In particular, the project is helping the State Tax Service (STS) to improve its payment, collection, monitoring, and employee development processes. By streamlining these and other tax administration procedures, BRITE will

### Year 1 Results

- Moldova's Ease of Doing Business ranking improves to **76** in 2014 from to **92** in 2013
- "Starting a Business" improves to **81** from **93**
- "Paying Taxes" improves to **95** from **116**

help to reduce compliance costs for the private sector, while increasing revenues for the public sector. Through its *trade facilitation* activities, the project is supporting the Government of Moldova's (GoM) trade-related agencies, including the Moldova Customs Service (MCS), to improve the current trade policy framework, increase transparency in the application of trade and customs regulations, and reduce the time and cost of moving goods across borders. Year 1 The project targets *high-impact regulatory reform* by assessing critical reform needs and advancing them through institutionalized processes, capacity building, and technical assistance. The project is modifying its contract to accommodate substantial growth in technical activity under Component 2. Finally, through its *strategic communications* program, BRITE works to raise the quantity and quality of public discourse on the importance of business-friendly reforms. The project is building strategic communications capacity within its counterparts in the GoM to improve their communications to the private sector and the general public, as well as to improve internal communications to empower civil servants to embrace and enact reforms.

Political instability in Moldova posed challenges for the project during Year 1, but the team navigated the shifting priorities of reorganized leadership, and established relationships with our counterparts. The coalition government disbanded in February 2013, resulting in an upheaval of both reform-minded and more conservative leadership with whom the project had established relationships in the first half of Year 1. After months of political stalemate, a new coalition government was formed on May 30, 2013, led by new Prime Minister Iurie Leanca, the former foreign minister under the Vlad Filat government. The new government is comprised of many of

the same ministers, including Economy (Valeriu Lazar), and remains firmly committed to European integration. BRITE is hopeful that the new government, with a clear majority in Parliament and only about 18 months until new elections are scheduled, will pursue economic reforms more aggressively.

Programmatically, the project advanced a number of its activities and had some notable achievements during Year 1 implementation. The new head of the STS, Ion Prisacaru, has made the launch of the Online Current Account System a priority and has assigned adequate staff to work with BRITE and FiscServInform (FSI) to ensure a launch in the second quarter of Year 2. The MCS has agreed to undertake a number of trade facilitation measures based on BRITE recommendations, some of which are approved and advancing within the government at the close of Year 1. BRITE also established a formal relationship with the Ministry of Economy (MOE) and the National Working Group on the Regulation of Entrepreneurial Activity by funding three full-time consultants in the Regulatory Impact Assessment (RIA) Secretariat. BRITE also initiated activities in the regions, which included two events to introduce government e-services to businesses, and important coordination with the USAID-funded Local Government Support Project (LGSP). Finally, BRITE and its partners in the STS, MCS and MoE completed communications strategies and action plans for each institution that will form the basis for our joint activities in Year 2 and beyond.

## **Project Background**

The overarching purpose of the BRITE program is to institutionalize a process of continuous improvement in the business enabling environment, while achieving specific and measurable reforms in the areas of greatest concern to the business community. Process improvements are intended to build the capacity of government officials, the business community, and other stakeholders to implement reform initiatives beyond the life of the project. BRITE will achieve its results through activities focused in three major components:

1. Tax administration and trade facilitation
2. High-impact regulatory reforms
3. Strategic communications

BRITE's interventions build upon the momentum generated by similar USAID economic growth projects, and are informed by a process of regular and participatory engagement with USAID and the program's key local stakeholders in government and the private sector.

The project's contract has been modified in several key ways since start-up. To streamline the process for USAID, the project sought a contract modification to align our project reporting requirements with the fiscal calendar and with the approved schedule for performance monitoring and evaluation plan (PMEP) submission. As such, Year 1 of the BRITE project covers June 2012 through September 2013, and Year 4 of the project will be shorter by one quarter. This report covers 15 months of project operations, from start-up through the close of fiscal year (FY) 2013. Additionally, the resignation of our DCOP resulted in a contract modification of key personnel.

## **Project Organizational Structure**

Over the course of the first year of implementation, the project has adapted its long-term staffing structure to best accommodate the workload and requirements of the technical work under our project components. The project is led by the chief of party (COP), Mr. Kelly Seibold, and supported by the deputy chief of party (DCOP), Ms. Eugenia Stancu, who was hired in August 2013 to replace the original DCOP following her resignation. Ms. Lisa Gihring served as the strategic communications director for the first year of the project as designed in the original project scope. Following Ms. Gihring's departure at the close of Year 1, Strategic Communications Advisor Olesea Galusca will assume leadership of Component 3 technical work, and will liaise closely with the technical team under Components 1 and 2 to coordinate efforts and offer communications tools and strategies to promote our reforms. Ms. Lilia Tapu serves as our long-term tax advisor, and Mr. Eduard Sirbu serves as our long-term trade facilitation advisor, both of whom are guided by DCOP Stancu in accomplishing Component 1 aims. DCOP Stancu will provide overarching support to all three components in order to ensure full coordination of activities and help manage relations with external partners. Finally, Dr. Mihai Bologan serves as our Regulatory Reform Advisor, leading Component 2 from the first year of assessments into full implementation in Years 2-4.

We also are supported by our main subcontractor, Economic Integration Forum (EIF), which supplied excellent technical expertise in our customs work in Year 1. In part through our Moldova Partners Fund (MPF), we leverage the expertise of a cadre of qualified consultants, consulting firms, law firms, and non-governmental organizations (NGOs) to complement the BRITE team and lead reform efforts. This structure has supported our demand-driven approach and our emphasis on capacity-building and sustainability of the reform process. BRITE's current organizational structure is included in Annex A.

## **Project Results Framework**

Our Results Framework is a planning, communications, and management tool that conveys the development hypothesis implicit in BRITE's strategy and the cause-effect relationships among components, intermediate results, and the project's purpose. Hence, the Results Framework provides a foundation for work planning and performance management and M&E. The BRITE Results Framework graphically represents what we expect to deliver to USAID at the end of the project, and is presented in Annex C. The activities and results presented in this annual report are consistent with this framework. For Year 2, BRITE has proposed a more streamlined Results Framework that better reflects the planned activities in each component and is aligned with the USAID Moldova Country Development Cooperation Strategy for 2013 – 2017. This is included in the draft Year 2 work plan provided to USAID separately.

## **Year 1 Financial Expenditures**

Details on financial expenditures in Year 1 (June 2012 – September 2013) may be found in Annex B attached. This financial chart details monthly spending by cost category.

## SECTION II – DETAILED TECHNICAL ACTIVITIES BY COMPONENT

### A. Component 1: Tax Administration and Trade Facilitation

#### A1. Project Intermediate Result 1.1: Improved tax administration reduces the administrative burden of paying taxes while increasing revenue collection

Despite challenges in Year 1 resulting from the fall and reformation of the national government and three changes in management and priorities within the STS, BRITE was able to make important progress in its cooperation with and support of the STS, nimbly shifting the focus of project activities to accommodate the priorities of the new leadership. Tax Advisor Lilia Tapu has led tax initiatives under COP Seibold’s management, and has been supported by expatriate and local experts and Moldovan information technology (IT) subcontractors.

##### Year 1 Results

- Fully prepared a functional online Taxpayer Current Account for launch in Year 2
- Strengthened public-private dialogue by expanding membership in the Conformity Council
- Supported consolidation of reporting for local taxes (from 15 reports to 2)
- Proposed streamlined tax procedures related to voluntary liquidation of businesses.

##### DOING BUSINESS

- Hours to Pay Taxes dropped from 220 in 2013 to 181 in 2014
- Number of tax payments decreased from 48 in 2013 to 31 in 2014

*Enhance human and institutional capacity of the STS by facilitating implementation of the STS five-year plan (2011-2015).* When the current head of the STS was appointed in May 2013, BRITE quickly engaged him in discussions surrounding key objectives for reform and institutional improvement for the STS. In July 2013, the project hired Tax Administration Specialist David Crawford to meet with the STS and stakeholders to develop an action plan that would support the director’s priorities and be consistent with the five-year STS Development Plan and previous recommendations of USAID programs, the IMF, and others. Mr. Crawford’s final report presented recommendations concerning the operational constitution of the STS, including staff turnover, management, and capacity, as well as summarized prior technical assistance and donor engagement, to present a full view of the current capacity of the organization. Further, Mr. Crawford discussed several technical recommendations originating from the Government’s reform agenda, including calculation of depreciation, a Single Taxpayer Account, and consolidation of reporting procedures, with practical steps towards the reorganization and adjustments needed to implement these reforms. Mr. Crawford’s assignment set the project up with recommendations designed to improve Moldova’s ranking in “Paying Taxes.”

*Strengthen the consultative process and mechanisms between the STS and the private sector.* BRITE has encouraged the STS to engage more effectively with the private sector in order to address the issues of greatest importance to taxpayers. There are presently two forums for this – the Conformity Council and the Consultative Council. The STS convened the Conformity Council in late 2012, and accepted BRITE’s proposal to expand its membership to include the AmCham, the EBA, and ATIC. The council’s mandate is to ensure compliance with tax legislation among certain sectors and taxpayer groups. This council met only twice in Year 1,

each under different leadership, and was unable to engage constructively with the private sector. BRITE and the new management at the STS are now developing new procedures for addressing the risk of non-compliance in various sectors in a way that facilitates dialogue with the targeted sectors and encourages voluntary compliance. The Consultative Council was originally an internal STS working group that discussed interpretations of tax and fiscal policy. It has since been expanded to include several experts from the private sector – tax professionals, academics, etc. The Council has met only once but holds promise as a body that could address broad-based tax administration and policy reforms. Both councils are chaired by the Chief of the STS, who takes an active role in their proceedings and is committed to their success. As a result, BRITE will continue to support the activities of both councils in Year 2.

*Streamline tax procedures and improve communications through the introduction of e-services.* The online Taxpayer Current Account has been an ongoing priority for the project and USAID since it was first developed under the earlier USAID BIZTAR project. The Current Account, once fully functional, will allow taxpayers, tax inspectors, and auditors to view the same information on a taxpayer's account and status, as well as allow other government agencies limited access to information that is currently provided manually. Over the past year, BRITE has focused its attention and resources on completing the programming and functionalities of the Current Account and the migration of data from other sources, ensuring the interface is user-friendly, developing a comprehensive communications and outreach strategy for the launch and post-launch phases, and strengthening the capacity of the STS and FSI to manage the development, launch, and the ongoing enhancement and maintenance of the Current Account.

Despite setbacks from the collapse of the government and the absence of leadership in the STS in the first half of 2013, BRITE has made considerable progress in preparing the Current Account for launch. This includes:

- BRITE's subcontractor DAAC Systems completed the migration of all data from the National Insurance House (CNAS) to the Current Account. Complete tax data for all taxpayers is now available in the Current Account for the 2013 tax year. DAAC is now developing additional functionalities to account for prior years' changes in budget classifications, fiscal codes, etc. These will be completed by the end of 2013 and tested in early 2014.
- BRITE, the STS, and FSI developed a comprehensive communications and outreach strategy for the launch and ongoing support of the Current Account. This strategy includes media outreach, fliers and posters, video tutorials, and on-line support tools. The project also helped implement improvements to the interface that makes the Current Account more user-friendly and easy to navigate.
- The STS and FSI initiated training for tax inspectors in the Current Account; follow-on training is expected after the launch in 2014.
- All stakeholders have signed a joint agreement and action plan 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 in early 2014.
- BRITE established a working group of all stakeholders that meets weekly to monitor progress, resolve problems, and ensure timely completion of the work.

The official launch of the Taxpayer Current Account is now set for January 2014, giving taxpayers the opportunity to adjust to the system before tax season begins in March. BRITE is confident that under the leadership of Mr. Prisacaru, the launch will occur as planned.

The next stage in the implementation of the Taxpayer Current Account will be to encourage the government to take the lead in electronically linking the STS to the more than 20 authorities requiring tax certificates from taxpayers, thus eliminating the need for paper certificates. BRITE and STS have already identified the relevant authorities and began meeting with several of the largest, including the State Procurement Agency and the State Registration Chamber, to explore possibilities for electronic data sharing. Once the Current Account is fully functional, BRITE will support the STS to develop an agreement and the proper protocols to be used in order to activate the feature in one pilot agency. At the same time, BRITE will explore ways to eliminate the need for the certificate in some cases.

*Streamline tax requirements for voluntary liquidation.* In Quarter 4, BRITE concluded a comprehensive analysis of the voluntary liquidation process. This assessment revealed a number of issues related to the role of fiscal authorities in closing a business. These issues had not been fully addressed by reforms recommended by the MoE, so BRITE prepared a separate package of legal and procedural amendments that aims to streamline the process both for businesses and for the STS. Specific recommendations include accelerating the closure of the tax file and the elimination of the business from the business registry. BRITE and the STS have provided these recommendations to the MoF for consideration and approval. If adopted, BRITE will develop and disseminate a guide to be used by businesses to apply for their own voluntary liquidation, and would include other reforms to the liquidation process being promoted simultaneously by the MoE.

BRITE also researched the legal, institutional, and technical requirements to implement a Single Taxpayer Account that would eliminate the need for businesses to make multiple payments every year to different accounts for different taxes. This Account would also serve to reduce the number and frequency of tax payments per year, reduce the cost and time of paying taxes, and ultimately improve the business environment. This reform has since been included in the Government's Road Map for Improvement of the Business Environment approved in August 2013. In Year 2, BRITE will engage an expatriate tax consultant to help identify and transfer international best practices, determine legal and regulatory requirements, and define a timeline and estimated costs associated with these improvements.

*Improve Moldova's Doing Business "Paying Taxes" ranking.* BRITE has identified several areas where improvements in tax policy and administration could reduce the time and cost to file and pay taxes. The first of these opportunities is the consolidation of reporting for local taxes, which was started under the USAID Business and Tax Administration Reform (BIZTAR) project with the participation of BRITE's Tax Advisor Lilia Tapu. This work was completed in early 2013 with the approval to reduce the number of local tax reports from 15 to 2. Additionally, the implementation of the Single Taxpayer Account, the consolidation of reporting for social taxes, and the simplification of tax depreciation of fixed assets could improve the ranking further. These recommendations have already been made by BRITE and some have since been included in the Government's reform plans for 2013-2014. Others will require support from the MoF but they enjoy broad support among the private sector.

## A2. Project Intermediate Result 1.2: Time and cost of moving goods across borders reduced

The BizCLIR assessment conducted early in Year 1 (see Component 2) identified barriers to trade as perhaps the single largest drag on the Moldovan economy. Customs rules and practices were non-transparent, inconsistently applied, and often contrary to international norms. Furthermore, the MCS was considered by those interviewed as unwilling to address the needs of the trade community or undertake any meaningful reforms. Under Trade Facilitation Advisor Eduard Sirbu's leadership, BRITE has been able to establish effective working relations with the MCS and the private trade community over the last year that has led to a number of improvements to customs and trade procedures, and has laid the groundwork for even more significant achievements in the coming year.

### Year 1 Results

- Reactivated the Customs Consultative Council, resulting in 17 decisions being taken to directly and positively impact the trade community
- Mapped and documented processes of import, export, and inward processing to identify Year 2 reforms; timed key processes at four border crossings
- Drafted legal amendments to introduce EU/international good practice in customs clearance
- Streamlined export procedures, including eliminating export transit declarations, expanding available customs posts and hours of operation
- Developed a concept for e-Customs, electronic export and Single Window

*Map import-export and inland processes and recommend streamlining measures.* One of BRITE's major Year 1 activities with the MCS was to identify all the steps involved in crossing a border and clearing a shipment of goods in Moldova. Together with its subcontractor, Economic Integration Forum (EIF), the project completed the first stage of mapping the processes of import, export, and inward processing from the MCS and the private sector perspectives, both at Border Crossing Points (BCPs) and Inland Customs Points (ICPs). This was a comprehensive exercise that required multiple meetings with all stakeholders, site visits to the Leusheni CBP, and the ICPs in Chisinau and Beltsi. A team of five Customs officers was assigned to work with BRITE staff and its international customs expert, Patricia McCauley. In total, more than 10 joint working meetings were held along with three focus groups of more than 20 stakeholders, including a final focus group that helped to validate each step within these key trade processes. The exercise was extremely valuable for BRITE as a baseline study and the basis for our future work with the MCS in streamlining these processes. For the MCS, the exercise represented the first time they had ever documented their procedures and were able to see clearly where they could be improved to their benefit and that of traders. The next step involved timing the major import/export processes at four BCPs: Leuseni, Tudora, Otaci, and Criva. Together, these four BCPs account for more than 80 percent of the value of goods traded by road and more than 70 percent of the total number of customs declarations lodged. This study took place in May-June 2013 and yielded some interesting results but consistent with the size and volume of each BCP (see table below). A similar timing exercise is planned for the inland customs posts early in Year 2 that will then provide a comprehensive picture of the constraints and opportunities in the entire clearance process across Moldova.

**Table A2.1 BCP Timing Results**

Border Crossing Point	Import (minutes)	Export (minutes)
Leuşeni	111.2	100.3
Otaci	57.6	27.9
Sculeni	105	113.7
Tudora	39.2	34.3

*Note: For loaded trucks, with no additional controls performed (phytosanitary, veterinary, etc.). Does not include wait time outside the crossing.*

*Reactivate and support the national-level Customs Consultative Council and engage stakeholders.* As noted in the BizCLIR assessment, there had not been robust public-private dialogue on customs and trade matters since the last meeting of the National Customs Consultative Council in 2008. For that reason, BRITE recommended that the MCS reactivate the Council and appoint the private sector as its Secretariat in order to attract more interest and allow the participants to take ownership of the issues and the process. BRITE offered to operate the Secretariat until it was well established and could be passed on to another Council member on a rotational basis. The MCS agreed to this arrangement as well as to expand the number of official members from 7 to 12. The first meeting of the Council took place in December 2012. Since then, the Council has met quarterly and provides a platform for both the MCS and the private sector to address issues of common interest. BRITE's role has been to strengthen the effectiveness of the Council by, both supporting the private sector to identify, analyze and present proposals of common interest, and encouraging the MCS to respond to the concerns of the trade community and to fully implement the decisions taken. In the course of Year 1, the MCS has taken 17 decisions based on input from members. Some of these include:

- Acceptance of international and CIS weight certificates at the border
- Customs clearance expanded to include any of 11 designated Customs Terminals
- Hours extended by 50 percent at Internal Customs Posts (clearance terminals)
- Clearance of Express Mail accelerated
- Green Lane processing of shipments accelerated
- Temporary Admission authorization eliminated
- Payment of duties and taxes by brokers on behalf of clients (physical persons) allowed
- Preliminary verification of goods allowed



Customs Service Director General Tudor Balitchi (center) speaks at the third meeting of the National Consultative Council meeting organized with the support of the BRITE Program.

In Year 2, BRITE will continue to act as Secretariat of the Council, while evaluating options from the private sector members to assume this responsibility. BRITE will work with members

to monitor implementation of decisions taken, and we will develop and present a sustainability proposal by the end of Year 2 to support the private sector assuming its role as Secretariat and performing it effectively.

*Introduce streamlined customs clearance procedures in-line with international and EU practice.* At the request of the MoE, and in an effort to positively impact Moldova's ranking in the *Doing Business* "Trading Across Borders" survey (142 in 2013), BRITE identified a number of measures to streamline the import-export process and developed a package of legal amendments for consideration by the Government. These were vetted with Customs and the private sector and include the following:

- Introducing EU simplified clearance procedures (periodic, simplified, and incomplete declarations, and "home-based" clearance (direct data input from a trader's premises)
- Allowing release of cargo prior to clearance; deferred payment of duties and taxes; expanding the use of guarantees
- Unilateral recognition of international compliance certificates
- Implementing Import/Export Control Systems in ASYCUDA (Eliminate the T1 declaration)
- Allowing for temporary storage of goods under EU rules
- Simplifying reimbursement of VAT on export

This year, BRITE also worked closely with a resident advisor from Georgia Customs supported by the U.S. Embassy. This collaboration led to a draft concept and implementation plan for electronic declaration of goods (e-Declaration), a concept which was later approved by the Director General of the MCS, and which has laid the groundwork for a number of interim decisions, namely:

- Elimination of the transit declaration for exports
- Elimination of the "economic control" for Green Channel shipments
- Streamlined Customs control over Green Channel shipments, and more efficient control of Yellow and Red Channel declarations
- Expanded authority at border posts for exports, including the addition of 18 ICPs able to export fresh fruits and vegetables.

The elimination of the transit declaration for exports is under review by the government, and should be approved in October. This would reduce the number of documents required for export and immediately improve Moldova's "Trading Across Borders" ranking. The other measures have already been approved by internal orders of the MCS, and BRITE is monitoring their implementation. BRITE and MCS together prepared a package of amendments to approve and implement electronic declaration for exports, including a Regulatory Impact Assessment (RIA). These decisions are currently under review by the Government and should be approved in October.

Finally, full implementation of an electronic customs clearance regime is not possible without linking other government authorities that also regulate trade, e.g. sanitary, phytosanitary, and veterinary agencies. These agencies still operate a paper-based system. This involves the creation of a so-called "Single Window" whereby all trade documentation is presented in electronic form

through the Automated System for Customs Data (ASYCUDA) system allowing the MCS to clear shipments in a fully electronic environment. BRITE has already engaged with the new Food Safety Agency, which controls most of the agricultural, plant, and animal products crossing the border, and agreed to help them streamline their processes and link electronically to ASYCUDA in Year 2. A similar effort is planned with the Licensing Chamber.

As is clear from these recent decisions to streamline the clearance process, the MCS has begun to alter its past practice and more often follow proper legislative drafting procedures. By the end of Year 1, for example, MCS had drafted and submitted seven separate normative acts to the National Working Group with an accompanying RIA for consideration, and most of these consisted of draft internal orders. This is a dramatic improvement over the usual practice of issuing and not publishing internal orders. A consequence of this practice, however, is that the MCS does not have the skills to conduct a RIA acceptable to the National Working Group. BRITE has agreed to provide training to the MCS early in Year 2.

*Reduce operational and clearance costs at the Giurgiulesti Port.* In late 2012, BRITE was approached by the operators of the Giurgiulesti Port, Danube Logistics, to help implement improved customs clearance and logistics procedures in order to make the port a more attractive gateway for Moldovan trade. At that time, the port was operating at far below its capacity. The BRITE team worked closely with the Danube Logistics operational team and even visited the port to see firsthand the infrastructure and operational challenges it faces. Based on this, BRITE completed a preliminary analysis of the situation that identified some key reforms and their potential impact. These recommendations included separating the free economic zone (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 also facilitated the creation of a working group under the Prime Minister that was tasked with developing a package of recommendations for the Government to consider. However, in early 2013, Danube Logistics chose not to pursue this course of action and the work was suspended.

*Improve capacity for effective advocacy on trade issues within private sector groups.* As described above, the project has made significant progress in reinstating the NCCC and strengthening its core capacity to deliver services and offer a forum for the public and private sectors to discuss matters of mutual importance. In Year 1, BRITE also supported the EBA to conduct a study of problems facing walnut exports to Europe. Complaints had been raised by a number of exporters to foreign embassies, which led the EBA to get involved. The report identified a number of barriers placed on both buyers and sellers of walnuts in the local market that are frustrating the development of the industry. One of these is the determination of origin for export to Europe. As a result of the study and a BRITE-sponsored roundtable in June 2013, participants from the STS and the MCS agreed to amend the “Acquisition Act” to include additional information on the origin of the walnuts purchased, thus eliminating the need for a separate document from the local mayoralty. This reform is pending final approval from the MoF and BRITE will continue to monitor its implementation in Year 2.

## B. Component 2: High-Impact Regulatory Reforms

Component 2 focuses on supporting the development and promotion of high-level reforms to facilitate the sustained growth of the business environment and to increase PPD on regulatory issues of concern. As the project approaches Year 2, activities and goals under Component 2 have been substantially defined and resourced through a proposed modification to the contract.

BRITE's approach to Component 2 in Year 1 was largely defined by the comprehensive Business Climate, Legal, and Institutional Reform (BizCLIR) assessment conducted in September 2012. The methodology provides a systematic framework for identifying the issues that affect a country's performance on the *Doing Business* survey, which measures the efficiency of national regulatory regimes for ten activities in the life of a business. The BizCLIR assessment was built into the BRITE contract to evaluate Moldova's current standing, and

provide recommendations for improvement within the World Bank's *Doing Business* survey in five key areas for reform: Paying Taxes, Trading Across Borders, Protecting Investors, Starting a Business, and Dealing with Construction Permits. These areas were assessed in detail by international experts who were paired with local specialists through a subcontract with Business Research Company (BRC). More than 100 stakeholders representing the government, the business community, and civil society were interviewed and invited to an all-day roundtable held on September 24, 2012. The roundtable attracted representatives from the public and private sectors who broke out into smaller discussion groups where preliminary findings were debated and priorities were established.

### Year 1 Results

- BizCLIR assessment results helped shape the GoM's Regulatory Reform Strategy and Action Plan
- Drafted amendments to Joint Stock Company law to further improve the Protecting Investors ranking
- Concluded a survey and detailed analysis of the procedures for starting and closing a business
- Mapped voluntary liquidation process and presented package of legal amendments that were presented to the STS and the MOF.

The assessment revealed a menu of critical reforms for project assistance, which are built into the proposed contract modification scope and Year 2 work plan. Important groundwork was set in Year 1 to achieve upward movement for Moldova in its *Doing Business* rankings.

Significantly, results from the assessment helped shape the Government of Moldova's Regulatory Reform Strategy and Action Plan. In Year 2 and beyond, the project will remain flexible in order to identify and implement any additional areas of the *Doing Business* metric that are considered both high-priority and high-impact by USAID and our project beneficiaries.

### B1. Project Intermediate Result 2.1: Regulatory framework improved

Improving Moldova's ranking in the annual World Bank *Doing Business* survey is a priority of the GoM, and a key objective of the BRITE program. The political crisis that dominated the first half of 2013 was not resolved until June, and unfortunately stability wasn't regained until after the deadline for improvements to be incorporated into the ranking. Despite this political uncertainty, BRITE has continued to offer support to the GoM in improving the *Doing Business* rankings overall and within the project's key subject areas: Protecting Investors, Trading Across Borders, Paying Taxes, and Starting a Business.

As can be seen from the table below, Moldova improved its overall ranking in the 2014 Doing Business report to 78<sup>th</sup> out of 189 economies worldwide, up from 86<sup>th</sup> last year. This is due almost entirely to improvements in “Starting a Business”, “Paying Taxes” and “Getting Credit”.

**Table A2.2 Moldova’s Doing Business Performance 2014 vs. 2013**

<b>DOING BUSINESS TOPICS</b>	<b>2014 Rank</b>	<b>2013 Rank</b>	<b>Change</b>
<b>Starting a Business</b>	81	93	<b>+12</b>
<b>Dealing with Construction Permits</b>	174	175	<b>+1</b>
<b>Getting Electricity</b>	165	164	<b>-1</b>
<b>Registering Property</b>	19	16	<b>-3</b>
<b>Getting Credit</b>	13	40	<b>+27</b>
<b>Protecting Investors</b>	80	80	<b>=</b>
<b>Paying Taxes</b>	95	116	<b>+21</b>
<b>Trading Across Borders</b>	150	149	<b>-1</b>
<b>Enforcing Contracts</b>	23	23	<b>=</b>
<b>Resolving Insolvency</b>	91	89	<b>-2</b>
<b>Ease of Doing Business (overall ranking)</b>	<b>78</b>	<b>86</b>	<b>+8</b>

*Protecting Investors.* Moldova’s ranking in this area improved significantly in 2013 due to recent changes in the Law on Capital Markets, which introduced several new provisions and concepts, chief among them the protection of the rights of minority shareholders in joint stock companies. To properly implement these changes, which took effect in September 2013, similar provisions and further refinements need to be included in the Law No.1135 from April 2, 1997, "On Joint Stock Companies." On behalf of the MoE, BRITE is now finalizing a package of legal amendments to the Law on JSC, consistent with the newly adopted Law on Capital Markets. If adopted, these changes would vastly improve the regulatory framework for JSCs and propel Moldova into the top 10 of the “Protecting Investors” ranking. No improvement was made in the “Protecting Investors” ranking in 2014.

*Trading Across Borders and Paying Taxes.* In Year 1, BRITE made significant efforts to improve the import/export process in Moldova by mapping and timing the customs clearance process; identifying bottlenecks and constraints; and working closely with the Moldovan Customs Service, private sector stakeholders, and international experts. These efforts resulted in

a package of amendments to the Moldovan Customs Code, Tax Code, and other regulations designed to streamline trade processes and improve the *Doing Business* ranking (see Component 1). The fact that no reforms were approved in the last year is reflected in the flat ranking in this area in the 2014 *Doing Business* report.

*Starting a Business.* Despite Moldova’s mediocre ranking in this area — 81st out of 189 economies — most Moldovan businesses do not perceive the registration process as difficult or as a barrier to entry into the market. In fact, with USAID support, much has been done to improve the process, by establishing the State Registration Chamber (SRC), which acts as a one-stop shop (OSS) and eliminates the need for companies to register separately at the National Bureau of Statistics, the CNAS, and the CNAM. By law, companies must still register separately at the STS. Despite these reforms, many companies continue to approach other agencies unnecessarily, which prolongs the process and ultimately reflects poorly on the *Doing Business* ranking. This was confirmed in a study of 200 recently registered businesses that BRITE conducted in early 2013. The data from this survey were provided to the MoE in hopes that they would share it with respondents of the *Doing Business* survey. The recently released 2014 *Doing Business* report shows an improvement of 12 points in “Starting a Business”, and has excluded the registration process at the National Medical Insurance Company (CNAM), but still retains the process of registration at CNAS.

Though not addressed by the *Doing Business* methodology, the BizCLIR assessment identified the voluntary liquidation of a company as far more difficult and costly than registering a company. To address this issue, and support the MoE in its efforts to reform the process, BRITE worked with a variety of stakeholders to map the entire process and the legal requirements. Based on this, we developed a questionnaire and surveyed 250 companies that had been liquidated during the summer and fall of 2012 in order to better determine the actual steps, time, costs, and other aspects of the liquidation process. This summary was shared with MoE to inform their legal reforms. Simultaneously, BRITE prepared a set of proposals to streamline the tax and fiscal requirements of closing a business that the survey highlighted. All of these recommendations were presented at a BRITE-sponsored roundtable in April 2013 that included 40 participants from the public and private sectors. Based on the discussion, BRITE finalized a package of legal amendments that were presented to the STS and the MOF for consideration (see Component 1).

## **B2. Project Intermediate Result 2.2: Administrative burdens and compliance costs for businesses reduced**

BRITE recognizes that the *Doing Business* rankings address a very specific set of criteria and do not necessarily reflect the overall state of the business environment. For that reason, efforts in Year 1 targeted broader reform efforts that would reduce the administrative burden and compliance costs for businesses of all types and that yield high economic impact.

The main activity in this area was in support of the MoE’s efforts to finalize and approve the Government’s Regulatory Reform Strategy and Action Plan for 2013-2015. This began in late 2012 and coincided with the BizCLIR assessment and a World Bank-funded review of the progress made under the previous strategy. Many of the findings from BizCLIR were included in the initial strategy and action plan, but the collapse of the government in early 2013 and its

reformation only in June delayed its final approval, not to mention its implementation. The final version of the Regulatory Reform Strategy and Action Plan and a new document — a “Road Map” for government actions to eliminate critical constraints in the business environment for 2013-2014 — were presented for Government approval in July. BRITE reviewed these together with the MoE and made recommendations to clarify some actions and insert others. The action plans were approved in August and contain a number of activities BRITE plans to support in Year 2, such as activities in the *Doing Business* areas of “Protecting Investors,” “Paying Taxes,” and “Trading Across Borders”; continued support of the activity of the National Working Group and RIA Secretariat; simplifying the procedures of voluntary liquidation; improving the reporting system and decreasing the reporting burden; and reviewing and streamlining permissive acts. In addition, the project’s strategic communications team has been working with the MoE to develop a Regulatory Reform communications strategy (see Component 3).

*Streamlining the issuance of authorizations for businesses with USAID/LGSP.* Local public authorities play an important role and exercise a good deal of autonomy in regulating business activity in their cities. In fact, the National Strategy for Decentralization calls for more fiscal and administrative control by local authorities to better serve their citizens and spur local economic development. In Year 1, BRITE identified an opportunity to collaborate with the USAID Local Governance Support Project (LGSP), which is developing a concept for a Citizen Information and Service Center (CISC), or OSS, to streamline the provision of local citizen services. In March 2013, BRITE participated in the selection of the local consulting company, and we participated in the working group overseeing the development of the CISC, providing input on regulating business activity. The CISC concept was presented to LGSP and the Mayorality of Ungheni in September and is now under consideration by the Mayorality. If approved, BRITE will explore with LGSP the possibility to fund the implementation of a streamlined process for issuing construction and trade permits in Year 2 that is integrated into the larger CISC. Successful implementation in Ungheni will serve as a model that can be replicated in other cities.

The introduction of ICT solutions and tools by government can increase transparency, reduce costs, and deliver superior services to citizens. The National Insurance House (CNAS) has been a pioneer in implementing and seeking out new electronic services for businesses and individuals, and worked very effectively with the USAID BIZTAR project. BRITE engaged early in Year 1 with CNAS to identify opportunities to reduce the costs of businesses in their reporting requirements. The first and easiest item was the development of a webpage feature that allows the user to verify the CPAS (personal social insurance number) of any employee, by entering the employee’s IDNP (national identification personal number). The CPAS code is an identification number assigned to each insured Moldovan by CNAS to track payments to the social insurance system, and businesses must use their employees’ CPAS codes in their quarterly declarations to CNAS. However, because CPAS codes are issued on paper cards and are used only for reporting to CNAS, many Moldovans lose them or don’t recall the number. This forces employers to find the code and spend time writing and calling CNAS, while

The screenshot shows a web application interface with the following elements:

- Header: "Află codul CPAS" (Find the CPAS code)
- Text: "Introdu IDNP din buletin" (Enter IDNP from the passport)
- Input field: A text box with a house icon on the left.
- Text: "Verificare cod imagine\*" (Image code verification\*)
- Input field: A text box with "B6 FC" on the left.
- Button: "Extrage CPAS" (Extract CPAS)

The text below the screenshot reads: "The CNAS web application converts a Moldovan citizen’s personal ID number into his/her CPAS code, which is needed to comply with CNAS reporting requirements."

CNAS employees spend time responding to these requests. The impact of implementing this feature is high, with about 500 people verifying their CPAS numbers on the CNAS website on the first day alone. By the end of September 2013, the feature was averaging more than 38,000 requests per month, clearly validating its popularity and utility.

### **B3. Project Intermediate Result 2.3: Good regulatory practice institutionalized through capacity building and improved public-private dialogue (PPD)**

In response to a formal request of the Minister of Economy in May 2013, BRITE agreed to assume the cost of three consultants in the RIA Secretariat that are providing expertise for the National Working Group of the State Commission for Regulation of Entrepreneurial Activities (National Working Group - NWG), which reviews all government decisions impacting entrepreneurship. The NWG enjoys broad support and has a history of success in reducing the negative impact of government decisions on businesses and ensuring better quality regulation, and the expertise provided by the RIA Secretariat is critical to that success. BRITE's support was provided in partnership with the IFC, which has agreed to support an additional two consultants who will focus on sectors of interest to IFC. The three BRITE consultants — Mr. Oleg Chelaru (Team Leader), Nicolae Botan, and Lilia Dabija — support the NWG in their respective areas of expertise, as well as work with the MoE and BRITE to support additional business environment reform efforts. This move considerably expands BRITE's potential for strengthening a critical PPD mechanism, engaging in high-level policy discussions, and driving high-impact reforms.

## **C. Component 3: Strategic Communications**

BRITE's strategic communications team works to address the human element of reforms by supporting Moldovans both inside and outside governmental institutions to identify, accept, embrace, advocate for, and implement reforms more completely and effectively. In support of Component 1, our communications team has worked closely with the STS and the MCS in implementing their communication strategy and action plans, and developing communications approaches tailored to the project's mini-strategies in key *Doing Business* areas. In support of Component 2, the project is facilitating the implementation of specific reforms, promoting public-private dialogue through the NWG, and implementing a strategic communications plan to support the government's Regulatory Reform Strategy and Action Plan and the Road Map for Competitiveness.

During this first year of implementation, BRITE's strategic communications team reached several milestones, including the completion of the stakeholder mapping research, the initiation of communications strategies and capacity-building activities with the project's government counterparts, and the launch of the project website. The project also continued its efforts on the Taxpayer Current Account System and the Customs simplified clearance procedures. The component was led by Strategic Communications Director Lisa Gihring and Strategic Communications Advisor Olese Galusca. As planned, at the close of Year 1 Ms. Gihring departed from the project and Ms. Galusca assumed leadership over the component.

### **C1. Project Intermediate Result 3.1: Increase awareness and understanding of business climate reform, progress achieved to date, and new reform initiatives**

BRITE established itself within the current reform landscape by identifying the key players, assessing their needs, and prioritizing high-impact reforms that make a difference. A critical element of the project’s success in advancing reforms is to communicate their value to the public, and to ultimately help institutions assume that voice in the dialogue between government and citizen. Understanding the stakeholders and priorities was partly achieved through a stakeholder mapping exercise conducted by a subcontractor in Year 1, as described below. Additionally, in Year 1, the project’s Component 3 team dedicated significant time and resources into building the communications capacity among its government counterparts. In addition to developing and implementing “mini-strategies” in support of BRITE-assisted reforms by working directly with government communicators, the project also launched the development of communications strategies for the MCS, the STS, and the MoE.

#### Year 1 Results

- Joint training with EUBAM for communicators from MCS, MoF, STS, and Border Police
- Intensive capacity building through the development of communications strategies and action plans with the MCS, the STS, and the MoE.
- Communication mini-strategies developed for the Current Account (the STS), simplified procedures (MCS), and CPAS number (CNAS).
- Conducted survey and analysis of more 1,000 stakeholders to inform project priorities and establish baseline data for the PMP.
- Launched the project website, a Facebook page, and developed an internal communications strategy.

*Stakeholder mapping and analysis (3.1.1).* By the end of Quarter 3, BRITE had subcontracted with Magenta Consulting to conduct a stakeholder mapping and analysis exercise. This subcontract included 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. This mapping exercise also helped BRITE establish baseline data for some of our targets in the performance monitoring and evaluation plan (PMEP). The following details the primary objectives of the assessment:

- To identify key stakeholders and stakeholder groups, and provide insights into stakeholders’ knowledge, attitude, and beliefs on BRITE’s focus areas. This resulted in increased understanding of public perceptions of the Government of Moldova.
- To explore barriers to and opportunities for implementation.
- To establish a quantitative baseline for the project’s monitoring and evaluation efforts, specifically for each indicator, to measure progress toward proposed targets.
- To inform the project’s development and implementation of a national-level strategic communications plan on government reforms.

Key findings of the analysis included the relatively low level of knowledge of reforms in Moldova generally, with only 21 percent of respondents able to name any of the government’s reform achievements over the last three years. Importantly, more than twice (51 percent) could identify what they viewed as a governmental failure in the area of economic reforms in the last three years. These data signaled the disconnect between reforms and the citizens impacted by them, and helped shape BRITE’s agenda for increasing transparency, broadcasting valuable messages surrounding project-assisted reforms, and setting realistic expectations between the government and the public on the reform path moving forward. The results also indicated the

underwhelming engagement of the private sector in advancing the government's agenda through providing feedback on draft laws or regulators, or consolidating shared interests within a viable industry association.

*Communications training for government communicators (3.1.2).* In Quarters 2 and 3, the project developed modules for and conducted joint training with EUBAM on strategic and crisis communications and media relations. The training targeted press officers and communications officers from the MCS, the STS, FiscServInform, the Border Police, and the Ministry of Internal Affairs (MIA). BRITE's communications team provided training in communications strategic development, social media and online communications, and organizational branding and messaging.

*Improve Moldova Customs Service's strategic communications capacity (3.1.3).* In Quarter 3, the project launched the development of an institutional communications strategy and action plan for the MCS, in collaboration with EUBAM which co-hosted three working sessions with the media and public relations team to develop elements of the strategy. The project also supported the process of disseminating information about and promoting simplified clearance procedures.

*Improve Ministry of Economy's strategic communications capacity (3.1.4).* The MoE's Press Office approached BRITE in Year 1, seeking collaboration between the project and the ministry's communications team to analyze the communications component of the MoE's Regulatory Reform Strategy (RRS). At the close of Year 1 in September, the project was vetting the draft strategy among key stakeholders whose support and advocacy will ensure the strategy's success, and will ultimately be circulated for MoE's approval, and elements will be built into BRITE's Year 2 work plan, as relevant.

*Improve STS' communications capacity (3.1.5).* Following Mr. Prisacaru's appointment as head of the STS in May 2013, BRITE discussed shared priorities and areas for potential assistance, and improved internal communications capacity was identified as a key focus area for BRITE support. In Year 1, BRITE helped formalize a strategic communications strategy for the STS under its new leadership, and is working towards establishing the STS as the primary and authoritative communicator on tax matters in Moldova to help streamline and improve the accuracy of messages being circulated to taxpayers across the country.

*Strategic communications to support reforms (3.1.6).* Two key achievements for the Component 3 team in developing "mini-strategies" to advance project-assisted reforms include communications tools and training associated with the launch of the Current Account system, and website content developments to promote simplified clearance procedures in collaboration with the MCS.

#### Support to Component 1 reforms (3.1.6.a).

- *Current Account communications.* The BRITE project's communications team developed a communications strategy to support the launch of the online Current Account System. BRITE formed a communications working group made up of the STS' press service, FSI's marketing department, and BRITE's communication team. Because communications responsibilities on tax issues are split among different institutions, the working group

provided an opportunity for the STS and FSI's communications personnel to get to know one another and to collaborate — the first time they have worked together to develop and implement a communications plan. Ultimately, the project looks to consolidate all formal communications responsibilities within the STS to ensure the accuracy and ease of access of tax-related information to the public.

BRITE's strategic communications advisor also helped to improve the usability of the Current Account System, including making the web interface more attractive and easier to understand and navigate. The communications team also developed a module on communications that was integrated into the training program for more than 100 tax inspectors and call center employees. The module was designed to help tax inspectors communicate about the system and included key messages and an overview of how BRITE, the STS, and FiscServInform would be providing communications support to the launch of the service. The communications component was well-received, especially by the head of the FiscServInform Training Center. The Current Account launch is now set for January 2014.

- *Simplified clearance procedures.* In Year 1, the MCS began implementing a program for qualified companies to receive simplified clearance procedures for their shipments. MCS approached BRITE's communications team to help develop an outreach program to announce the program and encourage qualified companies to apply. MCS's initial approach was to develop posters and fliers for customs posts, but BRITE recommended a web-based approach that would reach more companies at less cost. Furthermore, BRITE did not consider these procedures particularly beneficial to companies and would likely change after they were introduced. Together with MCS, we fully described the program, its benefits, qualification criteria, and application process and posted these under a special banner on the MCS website. This was followed up with a press conference by the General Director and announcement at the Customs Consultative Council meetings. To date, 60 companies have received this status from MCS.

#### Support to Component 2 reforms (3.1.6b)

- CNAS web application communications. The BRITE project's communications team also provided communications support for the launch of a web application developed with BRITE's assistance. The plan included a joint press release and the integration of the web application in regional outreach meetings. CNAS is already supporting its new e-reporting tool, placing the application on the public e-services portal ([servicii.gov.md](http://servicii.gov.md)), and is conducting outreach through associations. In addition, the project's communication team has encouraged CNAS to follow up with companies that requested a solution to the problems caused by CNAS' use of a separate identification number for reporting.

### **C2. Project Intermediate Result 3.2: Stronger, more effective private sector voice in public-private dialogue (PPD) on business climate reforms**

Strengthening the private sector voice in public-private dialogue is a joint effort of the strategic communications team and the technical teams under Components 1 and 2. Whereas the technical teams focus on strengthening the development of advocacy positions of private sector members,

the strategic communications team has focused on supporting members' efforts to better communicate policy reform proposals and publicize results.

*Build private sector capacity in strategic communications, PPD, and advocacy.* Throughout Year 1, 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. It is also now working more closely with the National Working Group through its direct support of the RIA Secretariat and the MoE's Regulatory Reform communication strategy, and is exploring support to the recently activated Consultative Council under the STS. 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, and to support those members to provide substantive input into the dialogue and communicate results to their members.

*National Customs Consultative Council (Component 1).* Acting as a secretariat for the NCCC, BRITE made significant efforts to organize the quarterly meetings, to enhance Customs' communications of the Council's outcomes, and to improve its outreach to media. In addition, the project is working with Customs to improve how it reflects the work of the Council on its new website (under development), including updating information more regularly and including a page dedicated to results. BRITE has also worked with Customs to ensure that processes or procedures that are reformed as a result of the Council's work are communicated to interested or affected stakeholders. The same is done with the council members. As the Secretariat, BRITE sends regular updates to the participants to communicate to their members.

*STS Conformity Council or other PPD forum (Component 1).* As discussed under Component 1, the Conformity Council met only twice in Year 1 and has not established itself as an effective public-dialogue mechanism. In Year 2, as the Component 1 technical team works to improve the functioning of the Council, the strategic communication team will engage more substantively, for example, in helping STS prepare taxpayer communications that encourage self-audit and voluntary compliance instead of using the threat of enforcement.

*National Working Group (Component 2).* Support to the NWG also is an activity planned for Year 2. BRITE plans to dedicate resources to covering the activities of the NWG in the media, specifically from the view of economic development and the progress in implementing the Government's reform agenda. Component 3 will also support communication and outreach for a planned online portal and document management system for the NWG and the RIA Secretariat.

### C3. Project Communications

The BRITE communications team has completed the project's internal communications strategy (as differentiated from the project's communications capacity-building efforts, which are described in the work plan). This strategy describes how the BRITE project will communicate about its work and includes communications objectives,



target audiences, key messages, and a timeline for implementation.

This year, BRITE launched its website in both English and Romanian (see screenshot above). The project communications team is keeping the site updated with stories about the project’s activities, and has been posting an average of one story per week since the site was launched. The project has also begun to use its Facebook page to direct its followers to new content posted on its website. To date, the most popular feature on the site is the “Media Coverage” page. The project plans to regularly add new functions to the site, such as the ability to share stories on Facebook and increased analytical capacity on site use.

The project is making heavy use of Facebook and building its audience. The project posts at least twice a week on its own activities, and often shares the posts of the U.S. Embassy, other USAID projects, and its partners in both the public and private sectors.

#### **Our Facebook Following in Numbers**

- *Number of likes:* 329
- *Most popular post:* Communications training photo album (reached more than 1,600 people)
- *Highest weekly reach:* More than 4,000
- *Potential audience:* There are more than 46,000 friends of our project’s fans.

Media coverage of the project’s activities in Year 1 included 43 separate articles or media items. These include two articles in *Monitorul Fiscal* — an interview with the Chief of Party and a story on the online Current Account System. In addition, an overview of the project and its work in trade facilitation was published in VAMA, the Customs Service’s in-house magazine, in late March. Finally, a number of stories appeared from the project launch in October 2012.

The project’s regional outreach events in late May also generated considerable media coverage, with stories appearing on Balti TV, Moldova One in both Balti and Cahul, and on InfoTag and other online media in both Moldova and Romania. In addition, a story about BRITE’s trade facilitation activities was published in the MCS’ in-house magazine, VAMA, in April, and a story on the NCCC was published in *Contabilitate si Audit* in May.

*Coordination with other donors.* BRITE’s communications team formed and continues to enjoy a close working relationship with EUBAM, as illustrated through the two organizations’ joint communications training activity and ongoing collaboration on communications capacity building for the MCS.

## **D. Project Support for Crosscutting Goals**

*Gender.* The project has and will continue to stress gender awareness throughout its activities, using gender-sensitive messages in our communications and prioritizing economic reforms that benefit men and women equally. We have required and will continue to request that GoM and private sector counterparts maintain a minimum percentage of female participants in BRITE-sponsored training. BRITE far exceeded both its minimum and Year 1 target – 56 percent of training participants have been women.

*Anti-corruption.* Corruption exists at all levels of government in Moldova, and unfortunately, is often accepted by the public as part of life. BRITE must be vigilant in recognizing, and

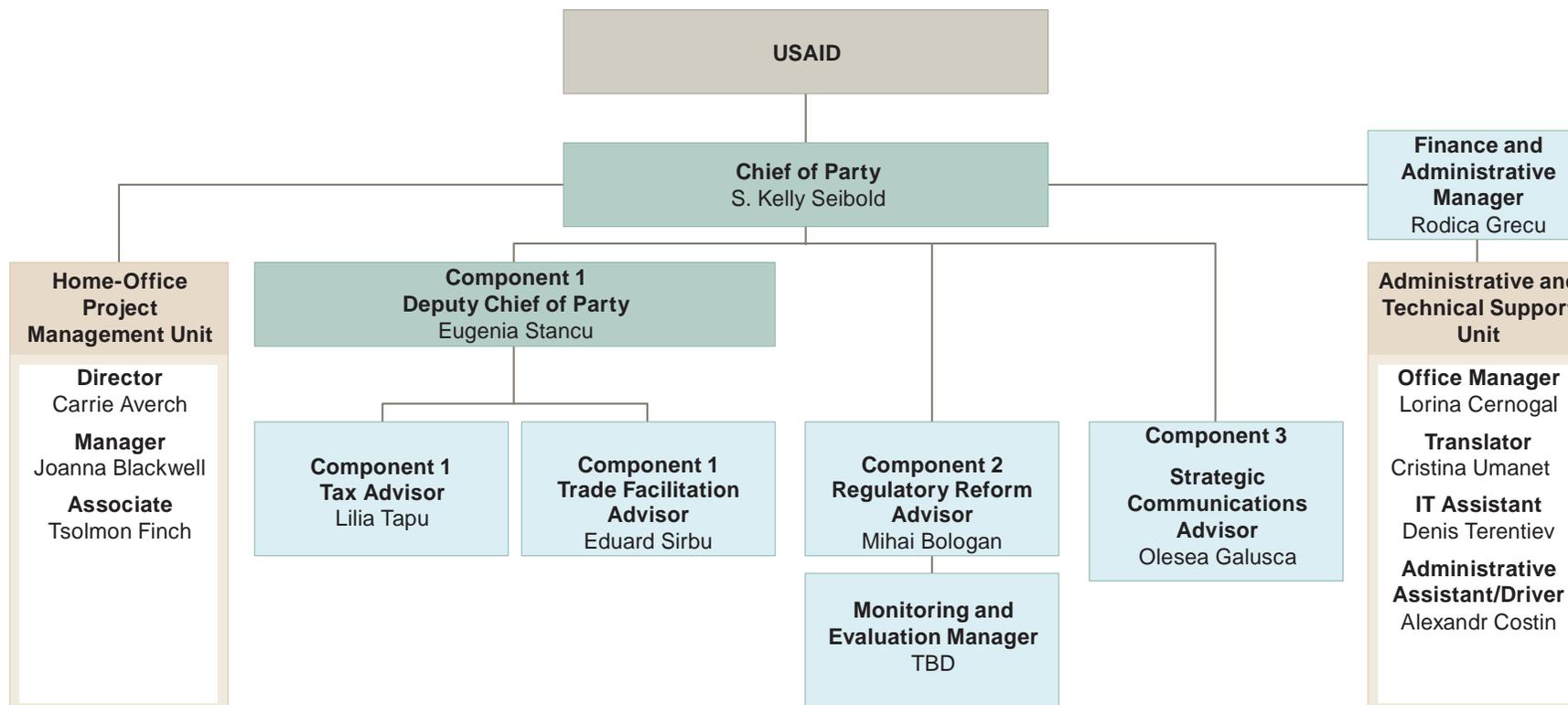
thwarting, opportunities for corruption. On Component 1 and 2 activities, BRITE has helped increase transparency by mapping existing business processes and then providing assistance to eliminate unnecessary steps or potentially automate them, as the project has done already for the MCS. BRITE has supported the launch of the online Current Account system, which will allow taxpayers to see the same information about their accounts as tax inspectors, and will reduce opportunities for corruption by removing interactions between STS officials and taxpayers. The project has identified similar opportunities, such as allowing for online declarations and automating customs clearance procedures, to pursue in Year 2. We support several public-private dialogue forums to encourage open and candid discussion of business constraints and promote transparent and rules-based decision making. We will integrate anti-corruption measures into all high-impact regulatory reform activities under Component 2, and work to increase citizen awareness of proper GoM processes and procedures under Component 3.

*Geographic focus.* We are taking steps to ensure that Moldovans across the country benefit from BRITE's work. This aim is especially important because the *Doing Business* survey is often accused of ignoring rural areas. In Year 1, BRITE coordinated closely with USAID's LGSP to discuss business environment impediments and proposed reforms, and the two projects are working together to oversee the establishment of a OSS to provide citizen services in regions around Moldova, and to bolster the GoM's decentralization efforts by supporting local governments in assuming new responsibilities. For the project's strategic communications efforts, a national approach is vital. The project hosted two regional seminars, in partnership with the e-Government Center and the Moldova Chamber of Commerce and Industry on e-services, and more are planned. In addition, the project has placed strong emphasis on increasing ties between territorial offices and headquarters in its communications plan for GoM counterparts. Our M&E efforts include countrywide surveys, and in Year 2, will include case studies highlighting the impact of reforms on businesses across the country, from Chisinau to medium-sized towns and smaller villages.

*Substantive use of local experts and organizations.* As described previously, we see Moldovan partners and personnel as critical to the success of our overall approach. The design of our management structure was purposefully lean to ensure that our long-term team is flexible and able to engage Moldovan organizations and consultants throughout implementation. Thus far, BRITE has enjoyed several partnerships with Moldovan organizations, including the Business Research Company (BRC) on the project's BizCLIR assessment, DAAC Systems on the Current Account system, Magenta Consulting on stakeholder mapping, and the European Business Association (EBA) on a survey of the obstacles faced by Moldovan walnut producers. These collaborations have significantly advanced the project toward its objectives in the areas of providing e-services, tax administration, trade facilitation, and stimulating PPD. In addition, the project has benefited enormously from the technical input of Moldovan experts in the field of legal drafting. Moving into Year 2 and the remainder of implementation, BRITE will continue to integrate local specialists and organizations into reform activities, and will focus heavily on engaging closely with the three Moldovan consultants hired to advise the RIA Secretariat.

## Annex A - Project Organizational Chart

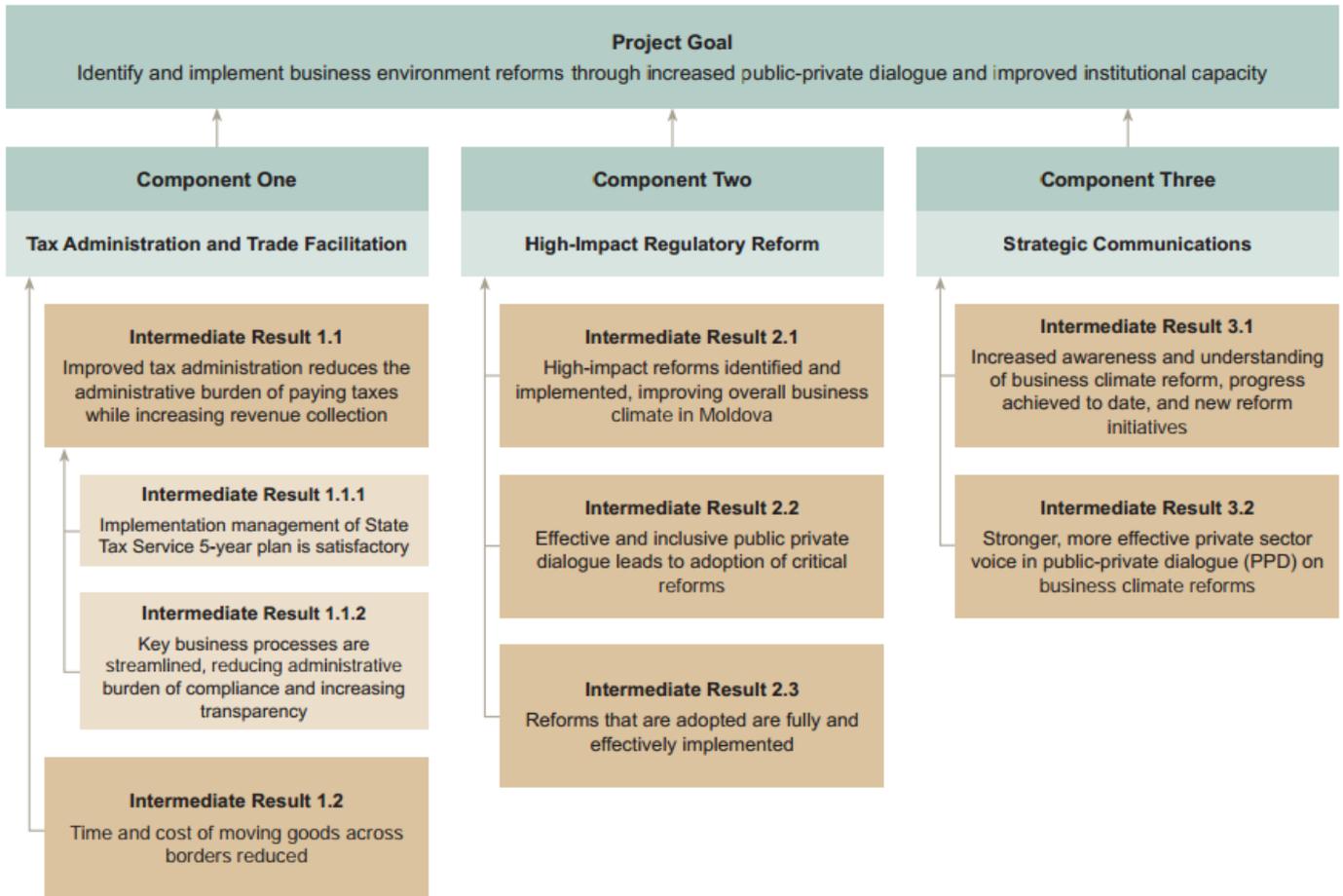
### Moldova BRITE Organizational Chart



## Annex B – Year 1 Financial Summary

<b>Year 1 June 2012 - September 2013</b>																	
<b>Cost Category</b>	<b>June '12</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January '13</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>Total Y1</b>
I. Salaries	\$5,536	\$28,404	\$26,077	\$67,664	\$54,800	\$41,937	\$41,764	\$44,173	\$46,982	\$42,115	\$41,519	\$39,239	\$37,816	\$44,642	\$52,508	\$50,870	<b>\$666,046</b>
II. Fringe	\$2,954	\$14,555	\$13,917	\$15,645	\$18,788	\$17,732	\$16,936	\$18,156	\$21,820	\$20,265	\$20,037	\$19,412	\$21,131	\$23,248	\$21,112	\$24,891	<b>\$290,601</b>
III. Overhead	\$5,234	\$24,727	\$22,825	\$42,540	\$38,568	\$30,323	\$29,576	\$31,268	\$34,092	\$31,059	\$31,087	\$29,418	\$28,438	\$33,396	\$37,860	\$39,833	<b>\$490,245</b>
IV. Travel & Transportation	\$0	\$9,906	\$5,243	\$20,376	\$1,925	\$286	\$7,087	\$642	\$705	\$890	\$0	\$0	\$669	\$81	\$8,042	\$5,071	<b>\$60,922</b>
V. Allowances	\$0	\$5,379	\$22,307	\$23,373	\$12,313	\$14,816	\$6,990	\$7,434	\$9,313	\$13,604	\$9,007	\$8,270	\$9,971	\$6,346	\$8,833	\$7,479	<b>\$165,436</b>
VI. Other Direct Costs	\$8,849	\$2,780	\$17,001	\$19,920	\$14,222	\$13,169	\$10,772	\$9,376	\$7,194	\$14,960	\$10,726	\$8,237	\$14,927	\$17,267	\$2,711	\$7,226	<b>\$179,337</b>
VII. Equipment, Vehicles and Freight	\$436	\$2,655	\$0	\$70,407	\$2,273	\$100	\$0	\$0	\$54	\$0	\$0	\$0	\$0	\$24	\$0	\$193	<b>\$76,141</b>
VIII. Training	\$0	\$0	\$0	\$3,973	\$326	\$0	\$0	\$0	\$497	\$1,672	\$33	\$23	\$110	\$0	\$0	\$119	<b>\$6,754</b>
IX. Moldova Partners Fund and	\$0	\$0	\$0	\$0	\$64,776	\$0	\$5,091	\$0	\$17,937	\$7,788	\$59,423	\$1,503	\$7,403	\$14,535	\$0	\$0	<b>\$178,455</b>
X. G&A	\$1,268	\$4,871	\$5,916	\$14,541	\$11,460	\$6,522	\$6,514	\$6,119	\$7,027	\$6,710	\$8,712	\$5,379	\$6,108	\$7,075	\$6,645	\$6,879	<b>\$111,745</b>
XI. Fixed Fee	\$1,444	\$5,550	\$6,741	\$16,567	\$13,057	\$7,431	\$7,421	\$6,972	\$8,664	\$8,274	\$10,742	\$6,633	\$7,531	\$8,723	\$8,194	\$8,482	<b>\$132,428</b>
XII. Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,955	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<b>\$32,955</b>
<b>Monthly Total</b>	<b>\$25,721</b>	<b>\$98,828</b>	<b>\$120,027</b>	<b>\$295,006</b>	<b>\$232,511</b>	<b>\$132,316</b>	<b>\$132,152</b>	<b>\$124,139</b>	<b>\$187,239</b>	<b>\$147,337</b>	<b>\$191,285</b>	<b>\$118,116</b>	<b>\$134,103</b>	<b>\$155,336</b>	<b>\$145,904</b>	<b>\$151,044</b>	<b>\$2,391,066</b>

## Annex C - BRITE Results Framework



## Annex D – Performance Monitoring and Evaluation Year 1 Results

Proposed Indicator	Unit	Disaggregation	Data Source	Frequency of Collection	Baseline	Targets (by USAID's fiscal year)				Comments on Y1 scores	
						Y1 Target/Result	Y2 target	Y3 target	Y4 target		
<b>BRITE Program Objective: Identify and Implement Business Environment Reforms Through Increased Public Private Dialogue and Improved Institutional Capacity</b>											
1	Overall percent improvement in the indicators underlying the World Bank Doing Business rankings	%	<i>Doing Business</i> sub-category	Review of the World Bank <i>Doing Business</i> report	Annually	0	3 / 4.7	10	15	20	Significant changes were registered in Paying Taxes and Starting a Business and the raw scores increased in Trading Across Borders. In Protecting Investors the values remained the same.
2	Cumulative monetized benefit of BRITE-sponsored reforms to the private sector (on an annualized basis)	mil. USD	None	Project records/ research, confirmed by survey of Moldovan firms and case studies	Quarterly	0	10 / 0.451	30	60	100	The impact is calculated based on the effective period of implementation, i.e. from the moment the reform was implemented till September 30. This counts only 3 reforms implemented with BRITE support, while another 9 reforms implemented in the Trade area are not counted as the official statistics are not available yet. Also, these reforms were implemented in the last quarter of Y1 and their impact during Y1 is relatively low.
3	Cumulative monetized benefit of BRITE-sponsored reforms to the public sector (on an annualized basis)	mil. USD	None	Project records/ research, confirmed by interviews with public sector representatives and case studies	Quarterly	0	10 / 0.085	30	60	100	
<b>Component 1 – Taxes and Trade</b>											
<b>Intermediate Result 1.1 – Improved tax administration reduces the administrative burden of paying taxes while increasing revenue collection</b>											
4	Number of hours required to pay taxes each year	#	None	Review of the World Bank <i>Doing Business</i> report	Annually	220	220 / 181	198	176	165	According to Doing Business 2014, the number of hours to pay taxes decreased significantly.
5	Number of tax payments businesses must pay each year	#	None	Review of the World Bank <i>Doing Business</i> report	Annually	48	48 / 31	44	40	36	According to Doing Business 2014, the number of tax payments decreased below the initial project target.

Proposed Indicator	Unit	Disaggregation	Data Source	Frequency of Collection	Baseline	Targets (by USAID's fiscal year)				Comments on Y1 scores	
						Y1 Target/Result	Y2 target	Y3 target	Y4 target		
6	Index of ease of paying taxes, as an aggregate of perception of private sector concerning cost, time and corruption related to paying taxes	1-5	Gender, geographic region	Survey of private sector, CODB survey	Semi-annually	n/a	2 / 3.97	2.2	3.1	3.5	A customer satisfaction survey revealed a relatively good level of the perception of paying taxes.
7	Percent of senior STS managers who express satisfaction with implementation management of STS Strategy and Action Plan (IR 1.1.1)	%	Gender, role	Three surveys with STS employees and managers, with STS facilitation: at the beginning of the project, at the beginning of year 2 and at the end of the project	Three times during the project	TBD	TBD / no data	-	TBD	80	The planned survey among STS management did not take place because of the change in management at the beginning of the year and of the low interest on the part of STS.
8	Number of tax regulatory and administrative procedures eliminated or improved as the result of USG assistance	#	None	Project, partner, and GOM records and reports	Quarterly	0	3 / 1	10	17	25	Currently, only one procedure was simplified – consolidation of reporting of local taxes.
9	Percent of STS employees who believe that revisions to business processes have made them more effective and efficient in performance of their duties (IR 1.1.2)	%	Gender, role	Three surveys with STS employees and managers, with STS facilitation: at the beginning of the project, at the beginning of year 2 and at the end of the project	Three times during the project	TBD	TBD	-	TBD	75	The planned survey among STS management did not take place because of the change in management at the beginning of the year and of the low interest on the part of STS.
<b>Intermediate Result 1.2 – Time and cost of moving goods across borders reduced</b>											
10	Time to export	Days	None	Doing Business Survey	Annually	32	32/ 32	25	23	18	According to Doing Business 2014, no changes in the time to import and to export were registered.
	Time to import					35	35 / 35	27	25	20	

Proposed Indicator	Unit	Disaggregation	Data Source	Frequency of Collection	Baseline	Targets (by USAID's fiscal year)				Comments on Y1 scores	
						Y1 Target/Result	Y2 target	Y3 target	Y4 target		
11	Percent change in cost to move goods (Corridor-wide), measured by interviews of freight forwarders and a partnership with border authorities and/or customs	USD	None	Annual survey of freight forwarders	Annually	1298	1233 / 1427	1207	1038	973	We expected a 5% decrease, but the actual value increased by 10% due to an increase of fuel prices. Note: values and targets were changed from % to USD.
12	Number of documents required to export goods across borders	#	None	Doing Business Survey	Annually	7	7 / 7	6	6	5	According to Doing Business 2014 report, one more import document was added.
	Number of documents required to import goods across borders						7 / 8	6	6	5	
13	Index of trading across borders, as an aggregate of value and weight of goods traded across borders and the index of diversification of Moldovan imports and exports	1 (low level - 5 high level)	None	Official Statistics (BNS)	Quarterly	3.15	3 / 2.97*	3.15	3.25	3.7	Trading in 2012-2013 had an average level of development.  * the data are for Q1Y2013 and will be updated as new data will be released by NBS.
<b>Component 2 – High Impact Reforms</b>											
14	Percent improvement in World Bank <i>Doing Business</i> raw scores in target areas	%	<i>Doing Business</i> sub-category	Review of the World Bank <i>Doing Business</i> report	Annually	0	5 / 7	10	15	20	The Starting a Business component improved significantly, while the Protecting Investors area did not change.
15	Reduced compliance costs, where relevant, based on a survey of affected businesses	mil. USD	Sector, geographic region	Project records/ research, confirmed by interviews with public sector representatives and case studies	Annually	0	3 / 0.158	5	25	30	This indicator is reflecting only the impact of the reforms made with support of BRITE that refer to the Component 2 activities.
<b>Intermediate Result 2.1 – High impact reforms identified and implemented, improving overall business climate in Moldova</b>											

Proposed Indicator	Unit	Disaggregation	Data Source	Frequency of Collection	Baseline	Targets (by USAID's fiscal year)				Comments on Y1 scores	
						Y1 Target/Result	Y2 target	Y3 target	Y4 target		
16	Number of reforms across the reform lifecycle identified and implemented by BRITE and thru PPD	#	Type of reforms.	Project, partner, and GOM records and reports, confirmed by survey and annual case studies	Quarterly	0	3 / 10	10	15	20	The target for Y1 exceeded; the targets for the next year will be revised.
<b>Intermediate Result 2.2 – Effective and inclusive public-private dialogue leads to adoption of critical reforms</b>											
17	Cumulative number of institutions exhibiting effective changed behavior in compliance with reforms	#	None	Project, partner, and GOM records and reports, confirmed by survey, annual case studies, and direct observation.	Semi-annually	0	0 / 3	1	3	5	Currently, we can identify Ministry of Economy, STS and Customs Service as institutions that changed the behavior in compliance with reforms.
<b>Intermediate Result 2.3 – Reforms that are adopted are fully and effectively implemented</b>											
18	Percent of key stakeholders that believe that implementation procedures comply with the change in law and/or regulation and effectively remedy the issue identified (based on pre- and post-reform surveys)	%	Gender	Annual survey of key stakeholders representatives	Annually	TBD	TBD / no data	TBD	TBD	TBD	During Y1, interviewing the representatives of key stakeholders was a challenge, as BRITE just started to establish relationships with them. The STS position, e.g., showed that the key stakeholders were not very responsive on organizing surveys within their organization. Thus it was decided to postpone this activity for Y2.
<b>Component 3 – Strategic Communications</b>											
19	Percent of key stakeholders in the private sector who express positive opinion of the effort to reform the business enabling environment	%	Gender, geographic region	Annual survey of the business community	Annually	26	30 / 26	33	37	40	The Y1 value coincides with the baseline. Next assessment is planned for beginning of Y2.
<b>Intermediate Result 3.1 – Increased awareness and understanding of business climate reform, progress achieved to date, and new reform initiatives</b>											

Proposed Indicator	Unit	Disaggregation	Data Source	Frequency of Collection	Baseline	Targets (by USAID's fiscal year)				Comments on Y1 scores	
						Y1 Target/Result	Y2 target	Y3 target	Y4 target		
20	Cumulative number of articles in print media, as well as TV and radio segments, devoted to the specific reforms and project initiatives to improve the business enabling environment	#	Type of media, geographic region	Daily review of Moldovan media outlets. Project and private-sector counterpart records and reports	Quarterly	0	30 / 43	50	120	200	Target achieved.
21	Percentage of general public and businesses who can identify one of more reforms that have been achieved with BRITE assistance	%	Gender, geographic region, general public/businesses	Survey of the private sector and three surveys of the public sector (Year 1, beginning of Year 3 and at the end of Year 4)	Semi-annually	0	5 / 0.4	-	20	35	In our first semiannual survey, only 0.4% of businesses named the CNAS site update as a reform, although separately about 55% said they knew about this feature. At that moment no other reforms supported by BRITE were fully implemented.
<b>Intermediate Result 3.2 – Stronger, more effective private sector voice in public private dialog (PPD) on business climate reforms</b>											
22	Number of activities and initiatives, supported by BRITE, and involving the participation of businesses in PPD	#		Project, partner, and private-sector counterpart records and reports	Quarterly	0	10 / 10	25	35	50	Target for Y1 achieved.
<b>Cross-cutting indicator</b>											
23	Proportion of female participants in BRITE-assisted activities, initiatives and events	%	None	Project, partner, and private-sector counterpart records and reports	Quarterly	37.4	45 / 55.6	45	45	45	Overall, there was gender balance in the events organized with BRITE support.