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

BUSINESS REGULATORY, INVESTMENT, AND TRADE ENVIRONMENT PROGRAM

**THIRD QUARTERLY REPORT
JANUARY – MARCH 2013
AID-117-I-12-00001, TASK ORDER 1**

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

ACRONYMS

AEI	Alliance for European Intergration
AITA	Association of International Automobile Transporters
AmCham	American Chamber of Commerce
ASYCUDA	Automated System for Customs Data
ATIC	Association of Private IT Companies
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
CNAS	National Social Insurance House
CPAS	Social Insurance Personal Number
CRM	Compliance Risk Model
DCFTA	Deep and Comprehensive Free Trade Agreement
DCOP	Deputy Chief of Party
DG	Director General
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
FSI	FiscServInform
GOM	Government of Moldova
ICP	Inland Customs Point
IDNP	Personal Identification Number
IFC	International Finance Corporation
IMF	International Monetary Fund
LGSP	USAID Local Government Support Project
MCS	Moldova Customs Service
MOE	Ministry of Economy
MOF	Ministry of Finance
MSTI	Main State Tax Inspectorate
NBS	National Bureau of Statistics
NCFM	National Commission on Financial Markets
NCTS	New Computerized Transit System

OSS	One-stop-shop
PMEP	Performance Monitoring and Evaluation Plan
RFP	Request for Proposals
RIA	Regulatory Impact Assessment
SIDA	Swedish International Development Cooperation Agency
SCP	Simplified Clearance Procedures
SRC	State Registration Chamber
STS	State Tax Service
UNCTAD	United Nations Conference on Trade and Development

EXECUTIVE SUMMARY

In early February, the Alliance for European Integration (AEI), the ruling government coalition, was effectively dissolved when the Prime Minister announced that his party, the largest in the coalition, would no longer abide by the terms of the alliance agreement. This announcement led to a vote of “no confidence” in the government by parliament, forcing the government and its ministers to resign from their posts. While the government continues to work and BRITE is able to engage with most of its partners as before, few policy decisions are being taken until there is more certainty on the timing and composition of a new government. At the time of this report, no proposal for a new government and leadership has been put forth for consideration. These events have affected our work with the State Tax Service (STS), as discussed later in this report. Despite these developments, BRITE made considerable progress this quarter in all three project components.

Program Highlights and Successes

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

- The Taxpayer Current Account is now in the final testing phase within the STS and should be launched in early May. Tax inspectors have been trained in the e-service and all communications materials have been developed and printed in preparation for the launch.
- Completed comprehensive mapping of the customs processes of import, export, and inward processing together with an international customs expert and all related stakeholders, including the Moldovan Customs Service (MCS), veterinary-phytosanitary inspectorates, customs brokers, transporters, and traders. Results will lead to the next stage of timing and costing the steps, aligning these steps to existing legislation, and ultimately optimizing them.
- Completed a thorough review of other trade rules and processes related to the import and export of goods, such as those related to sanitary-veterinary-phytosanitary requirements, trade licenses, certificates of conformity, ecological/environmental, and other authorizations.
- With BRITE’s support, the National Customs Consultative Council met for the second time this quarter. The meeting was well attended and raised seven initiatives of the private sector that the MCS agreed to address either immediately, in separate working groups, or through internal orders.
- Developed a web-application on www.cnas.md to help employers obtain CPAS (social insurance personal number) numbers of their employees by simply introducing their IDNP (personal identification number). The feature is fully operational and already used by several thousand users.
- Completed amendments to the law On Joint Stock Companies, and the accompanying RIA, to improve shareholder rights. These amendments are currently under review at the Ministry of Economy (MOE), and if implemented, will significantly improve Moldova’s rank in the “Protecting Investors” indicator of the World Bank Doing Business report.
- Completed a survey of 250 previously closed companies to determine their experience in terms of time, cost, and procedures followed, as well as their perception of the process and how to improve it. Results will inform BRITE/MOE efforts to reform the legal process.
- Held a four-day training program with European Union Border Assistance Mission to Moldova and Ukraine (EUBAM) for communications personnel from the MCS, STS,

FiscServInform, the Border Police, and the Ministry of Internal Affairs. The training covered strategic communications, crisis communications, media relations, and interviewing skills.

- Developed a communications plan for the launch of the current account system in order to communicate the CNAS web application to potential users, and to support the MCS' outreach on simplified clearance procedures.
- Revised BRITE PMEP approved by USAID. (BRITE progress toward its PMEP can be found in Annex A.)

CONTENTS

Acronyms		i
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	7
	B. Component 3: Strategic Communications	9
	C. Other Program Activities	10
SECTION II	Operations and Administration	15
SECTION III	Preview of Upcoming Quarter	16
ANNEX A	Progress toward the Performance Monitoring and Evaluation Plan	B-1
ANNEX B	Overview of Magenta Study Findings	B-2

SECTION I: PROJECT RESULTS BY COMPONENT

A. Component 1: Tax Administration and Trade Facilitation

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. As mentioned last quarter, the STS management has focused until recently on restructuring the organization to bring certain key functions back under the Director General's (DG) control, and to maximize the collection of revenues, primarily through audit and enforcement mechanisms. In fact, the DG expressed little interest in teaming with BRITE to address other capacity building or tax administration improvements. The IMF expressed similar concern during a January mission where they noted the STS had deemphasized the Compliance Risk Model (CRM) that had proved effective in raising collections in 2010 and 2011. This shift in policy also did not go unnoticed by the private sector, and there were many complaints from high-profile investors that reached their respective embassies and the Prime Minister, in addition to the local press. This development led the Swedish International Development Cooperation Agency (SIDA) to suspend its technical assistance program to the STS, citing a perceived lack of commitment to reform on the part of STS management. Shortly after the AEI dissolved, the DG of STS was arrested on corruption charges and has remained in detention since. Along with the government dissolution, these developments have limited BRITE's ability to pursue its activities under this component.

Despite this setback, BRITE did meet with the deputy head of the STS, Mr. Gheorge Cojocari, to discuss his broader plans for improving tax administration and the capacity of the STS. Some of these recommendations included documenting and streamlining key business processes in the STS, conducting targeted surveys of taxpayers and STS staff, training STS staff, and helping implement the Compliance Plan for 2013, which he provided to BRITE for review. The project is reviewing these items, and will discuss them with USAID to identify opportunities in the short term as we await more clarity on the composition of the new government and its priorities.

Strengthen the consultative process and mechanisms between the STS and the private sector. The STS convened its newly created Conformity Council only once this quarter, in January, but it was largely organizational and no substantive decisions were taken. As these were chaired by the DG, no meetings have taken place since. In our meeting with Mr. Cojocari, he stressed the need to focus this council on conformity and not general tax issues of interest to the private sector. Once a new DG is named, BRITE will continue to help ensure that the council achieves its objective of balanced dialogue concerning matters of interest to both private and public sector players.

Work with the STS, FiscServInform, and e-Government Center to streamline tax procedures and improve communications. BRITE's work to support the development and implementation of the Taxpayer Current Account advanced significantly this quarter. The official launch of the e-service has been delayed by persistent errors in the migration of data into the taxpayer accounts, but the work is now in the final stage of error checking, and we expect the system to launch in early May. BRITE has worked closely with the communications staff of the STS, FSI, and Ministry of Finance (MOF) to coordinate the messaging and develop communication tools to ensure an effective launch and follow-up (see

Component 3 for further details). BRITE also suggested improvements to the interface of the Current Account to better guide users and to provide plain language names for technical reports. BRITE also participated in the training of regional tax inspectors in the use of the Current Account, which has informed the regional communications plan.

The technical teams of the STS, FSI, BRITE, and DAAC Systems (BRITE's subcontractor), have continued to meet weekly throughout the quarter to track progress and address these issues. The main activities of this group include:

- Migration of data from the old accounting data system on economic operators' tax liability to the newly developed one
- Upload of CNAS data on social and pension fund contributions
- Validation of all migrated data
- Closure of periods, so as to facilitate the operation of the Current Account system
- Elimination of errors arising as a result of data migration

Together with the STS and FSI, we also met this quarter with the SRC and the State Procurement Agency to explore the feasibility of connecting them to the Current Account as a way of verifying electronically the "no debt" status of businesses and individuals. These two primary government agencies regularly require physical certificates of "no debt," which are only issued by the STS, and are only valid for short periods of time, requiring them to be issued repeatedly. Once fully functional, the Current Account will provide this information

electronically if other agencies agree to be connected. These initial meetings were positive, but more work is required to find the technical solutions that will meet their needs. Later, this initiative will require amending legislation which currently states that the certificate be a physical document.



Identify and eliminate burdensome tax procedures and processes. BRITE has been working to address these issues on two main tracks – assisting the MOE to develop concrete proposals to improve Moldova's Doing Business ranking under the "Paying Taxes" indicator, and working with private sector groups to address specific concerns with broad impact. As reported earlier, BRITE identified several key administrative reforms that could reduce the time and cost of preparing, filing, and paying corporate taxes. These reforms include:

- Introduction of a "Single Account" concept for paying taxes that will allow economic operators to make payments for several tax liabilities to a single treasury account. By most estimates, taxpayers make between 15 to 20 separate tax payments. A single payment mechanism would reduce these to a single payment into a suspense account at the treasury that could then distribute taxes to the respective agencies. A similar mechanism was implemented earlier for Customs collections.
- Simplification of the current method for calculating depreciation of fixed assets for tax purposes. The current method is cumbersome and time-consuming and many taxpayers

report that the cost of calculating and administering depreciation far outweighs any benefit from the accelerated tax treatment.

- Consolidation of legal provisions related to the calculation of contributions for social insurance, pension, and health insurance from wage payments, and the consolidation of reports by type of contributions. This action will significantly simplify the calculation of these contributions and reduce the time for declaring them to public authorities.

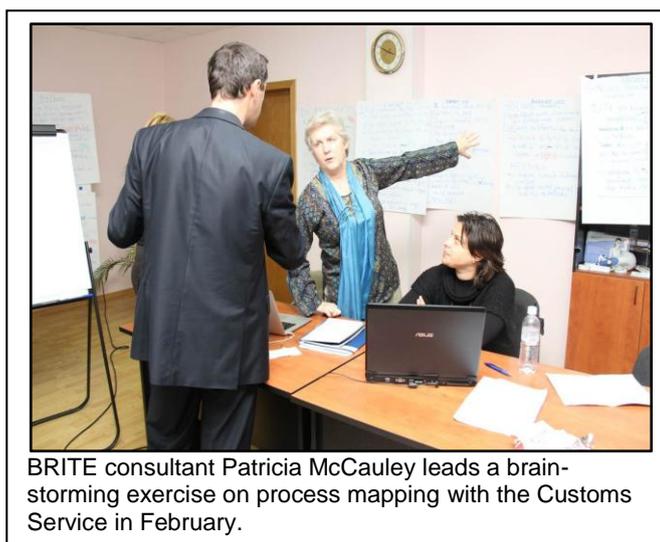
BRITE has already conducted several meetings with all relevant authorities (MOF, STS, MOE) who supported most of these proposals. BRITE now plans to contract with local tax experts to prepare the concepts, legal reforms, and explanatory notes. In the case of depreciation, we may engage an international tax expert who could simultaneously review other technical assistance needs of the STS and the private sector in preparation for the Year 2 work plan.

Finally, BRITE worked closely this quarter with the American Chamber of Commerce (AmCham) on their proposals to the MoF to clarify the tax treatment of employer-provided meal and transportation benefits for employees. This follows from the earlier case with Draexelmaier. BRITE helped AmCham prepare a formal request to the Deputy Minister of Finance, Mr. Barbaneagra, who later met with AmCham and BRITE to discuss the issues. AmCham is requesting employer-provided meal and transportation expenses be tax-exempted benefits. The MOF is in favor of clarifying the situation, but is concerned about creating an incentive to shift compensation into non-taxable regimes. AmCham will discuss the issue further with their members to develop a response that will help to clarify the matter and eliminate the punitive response from the tax authorities.

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

Perform key baseline studies.

During this reporting period, and in cooperation with project 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 3 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 MCS in streamlining these processes. For the MCS, the exercise represents the first time they have ever documented their procedures and were able to see clearly where they can be improved to their benefit and that of traders.



BRITE staff is now working to develop a methodology for timing the main processes at the BCPs and ICPs. At present, a draft methodology has been developed that will be piloted in early April at Leuseni BCP. Once finalized, we will present it to the MCS and seek their support. If approved, it will cover four BCPs at Leuseni, Tudora, Otaci and Criva, which 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. Once complete, a similar methodology will be developed and conducted for the ICPs. These assessments will measure the time needed to cross the border and undergo each of the major clearance processes. This will then serve to identify lengthy and burdensome processes, lead to their streamlining, and provide BRITE with an accurate measure of the impact.

At the same time as the Customs process mapping, EIF also carried out a parallel assessment of the non-Customs trade processes for import and export. This assignment specifically targeted the roles and impact of other control agencies such as sanitary, veterinary, phytosanitary, standards, and licensing on the trade process. This assessment studied the actual process from the point of view of the agencies and the private sector, identified the relevant legal acts giving rise to these requirements, and then reviewed them according to good practice and Moldova's international obligations. The study also identified many areas of duplication among agencies, many of which might be eliminated through the consolidation of these functions into the new Food Safety Agency, which was established by the IFC in February 2013. BRITE is still reviewing the final report and will share it with USAID and other stakeholders in the coming quarter, and use it to identify high-impact reforms for the coming project year.

Reactivate the national-level consultative council and engage stakeholders. This quarter marked the second meeting of the reactivated National Customs Consultative Council and the first with BRITE acting as secretariat. The fact that seven concrete initiatives were proposed by the private sector and all were largely accepted by MCS is due in large part to BRITE's support and technical assistance. Since the last Council meeting, BRITE has worked with all private sector members to identify key issues, analyze their impact, prioritize them, and vet them within the relevant technical areas of the MCS to get their buy-in. BRITE then assists the members to prepare high-quality, well-argued proposals and position papers that are shared with all members and included in a proposed agenda for MCS approval. Some of the issues discussed in the latest council meeting are described as follow:

- *Accepting the International Vehicle Weight Certificate (proposal of the Association of International Automobile Transporters AITA).* The MCS agreed to create a working group with the participation of AITA in order to elaborate measures to eliminate the need to weigh and collect fees from trucks carrying an International Weight Certificate. This requires the MCS to fully implement Annex 8 of the International Convention on Harmonization of Control of Goods at the Border (Geneva 1982), which stipulates acceptance of the International Vehicle Weight Certificate. The MCS believes weighing of all trucks is a necessary control measure, but agreed to work out a mechanism to accept international certificates.
- *Unpredictable determination of customs value of vehicles (cargo trucks) imported to Moldova for customs duties purposes (proposal of AITA).* The MCS declared its readiness to implement a specific mechanism to coordinate with traders in advance for determining customs value for such vehicles as well as other types of goods. No special order will be

issued; such advance rulings will be applied based on the verbal declaration of General Director at the meeting. BRITE and AITA will monitor its implementation.

- *Regulation on simplification of procedures to obtain permission for verification of consignments by declarant/customs broker jointly with MCS prior to lodging the declaration (proposal of AmCham jointly with DHL).* This will allow brokers/declarants to check consignments prior to finalizing a declaration and eliminate the need for further customs control after declaration. This will make the declaration process more predictable and not expose brokers to unnecessary penalties/fines. A draft Customs Order is already elaborated and will be placed on the MCS web-site for discussion.
- *Reduce the time limits for processing customs declarations for international express postal items (proposal of AmCham jointly with DHL).* Express couriers cannot meet their customers' deadlines because the MCS can take too long to process declarations. Members recommended reducing the maximum time for examination of such declarations from 5 days to 1. The MCS agreed to go further and reduce the time to a maximum of 3 hours, dubbing it "express customs for express delivery."
- *Expanding the possibilities for the payment of import duties by customs brokers on behalf of their clients (for individuals) (proposal of AmCham jointly with DHL).* The MCS accepted this and the necessary modifications will be introduced as part of the process of re-examining Customs Order no. 56-O planned for April.
- *Strengthening the MCS' institutional capacity on issues regarding declaration (classification) for ICT goods (proposal of ATIC).* Customs officers are inexperienced in the classification of ICT equipment and technology and often misclassify/value goods. ATIC offered assistance to the MCS in this regard. The MCS accepted this proposal, and will create a working group with participation of experts from ATIC. ATIC has asked BRITE to prepare the preliminary documents for starting the process.
- *Inconsistent application of import procedures and taxation for software (proposal of ATIC).* The MCS agreed to address this issue but prefers to involve the MOF (regarding software as a service) and the Ministry of Environment (regarding the ecological tax on software disks, etc.). BRITE feels this issue is addressed adequately in the legislation and will propose that the MCS clarify the procedures for their staff, in collaboration with ATIC.

Eliminate burdensome import-export procedures. This quarter, BRITE significantly advanced its work with the MOE to prepare a roadmap for improving Moldova's *Doing Business* "Trading across Borders Ranking." These efforts focus mostly on developing specific legal amendments (Customs Code, regulations, internal orders) to implement streamlined import-export procedures, including:

- Introducing EU simplified clearance procedures (periodical, simplified, and incomplete declarations, and "home" clearance process)
- Allowing release of cargo prior to clearance; deferred payment of duties and taxes; expanding use of guarantees
- Unilateral recognition of international compliance certificates
- Implementing Import/Export Control Systems in ASYCUDA (Eliminate the T1 declaration)
- Allow for temporary storage of goods under EU rules
- Simplify reimbursement of VAT on export

Each of these proposals was also discussed with the MCS, the MOF, and other control agencies to get their feedback and determine the level of buy-in. In most cases, the MCS does not object to these proposals, but it is not in a position to approve or implement them. BRITE translated these amendments into Russian and will share with experts from EUBAM to ensure they adhere to EU requirements. Afterwards, BRITE will present them to the MOE for consideration. BRITE's expert also prepared explanatory notes for each of these proposals. Later, these amendments will require a regulatory impact assessment (RIA) and broader discussion within the affected government agencies and the private sector.

Reduce operational and clearance costs at the Giurgiulesti Port. In order to raise the visibility and importance of proposed changes in the operations of the Port, BRITE succeeded earlier this year in recommending that the Prime Minister establish a working group tasked with developing specific recommendations to improve the law on the Giurgiulesti Port. This group consisted of Danube Logistics, the MOE, the MOF, and BRITE, and was supposed to submit its proposals to the PM by April. However, during the initial meetings, it became clear that there were legal difficulties stemming from the fact that the law on the Port is also linked to a separate investment agreement concluded between Danube Logistics and the Government. Furthermore, Danube later insisted on additional amendments beyond those agreed upon with BRITE, namely that the operations be split into those related to purely port operations and those related to the operation of a FEZ. As a result, no agreement was reached, but the deadline of the working group was extended to August in the event that Danube decides to utilize this mechanism.

Support capacity building in the MCS and private sector trade community. Earlier this quarter, BRITE and EUBAM met with the MCS to discuss their draft 2013 Action Plan and how each could help implement it. Both partners agreed to support select activities, some jointly. In addition to the activities already mentioned above, BRITE agreed to explore specific training needs with EUBAM, e.g. in classification and valuation, and improve the MCS' external communications (see Component 3). BRITE also met with the MCS IT Department to discuss its 2013 development plan and how BRITE might assist to implement some specific IT solutions. They sought our support in developing needed legislative amendments for some planned IT enhancements, specifically e-declaration and digital signature, which the MCS plans to implement once their systems are upgraded in April. BRITE also met with the EU and UNCTAD and were informed that the EU would fund UNCTAD to introduce the NCTS transit system into ASYCUDA (EU requirement under DCFTA) and to connect the Licensing Chamber to ASYCUDA as a first stage to implementing the Single Window concept in Moldova. These are very positive developments. BRITE also encouraged the EU to fund UNCTAD to activate the Export and Import Control Systems in ASYCUDA in order to eliminate the need for the T1 transit declaration, which would have a direct impact on the time and cost to trade.

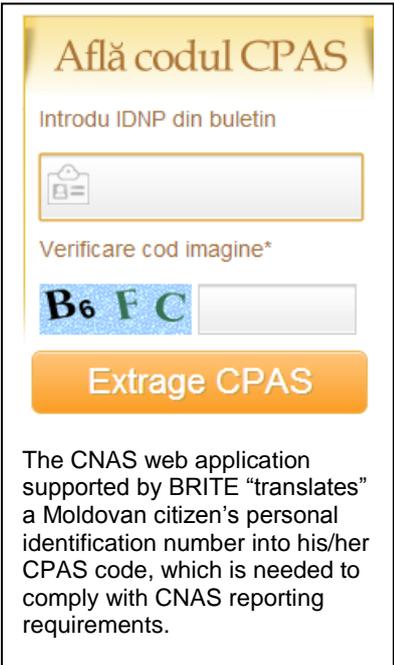
Finally, as mentioned in the February report, BRITE contracted the European Business Association (EBA), to conduct an in-depth study into the problem of purchasing and exporting certain agricultural products to the EU in response to complaints of its members, particularly walnut exporters and their European buyers, on the impediments they face when procuring raw produce from individuals/farmers for processing or export purposes. The issue involves both tax and customs authorities, and the purpose of the study is to highlight the issues and recommend steps to promote transparency, certainty, and ensure the competitiveness and growth of the industry. Preliminary findings should be completed in late April.

B. Component 2: Other High-Impact Reform Activities

This quarter, BRITE improved the cooperation among the MOE, National Social Insurance House (CNAS), and NBS in the areas of improving the Doing Business indicators and simplifying procedures for businesses. Cooperation with the USAID-funded LGSP project was also fruitful, as a company was identified to perform a project meant to develop the concept of an OSS at the local level, which will include simplified procedures to issue trade and construction permits.

Implement e-Government solutions to reduce administrative burdens on business and opportunities for corruption. Project cooperation with the e-Government Center is on hold because the Center is not fully supportive of local OSS implementation for technical and strategic reasons. In the meantime, the e-Government Center is supporting digitizing and optimizing the services provided by the central public authorities, and developing a platform for maintaining registries that could be used by local authorities in the future.

Identify high-impact reforms at CNAS. This quarter, BRITE received several recommendations for reform from CNAS, which could simplify their operations and also benefit businesses. The first and easiest item is 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 know the number. This forces employers to find the code and spend time writing and calling CNAS, while 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. BRITE will continue to monitor the usage of this feature and survey businesses to determine their perception and its impact.



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 small icon of a document and a magnifying glass.
- Text: "Verificare cod imagine*" (Verify image code*)
- Image: A sample CPAS code "B6 FC" next to a small image of a CPAS card.
- Text: "Extrage CPAS" (Extract CPAS)

The CNAS web application supported by BRITE "translates" a Moldovan citizen's personal identification number into his/her CPAS code, which is needed to comply with CNAS reporting requirements.

Another request was to synchronize the CNAS database of socially insured persons with the State Population Register. In most cases, the Population Register contains the most accurate information regarding the population – names, marital status, etc. However, the CNAS database is used for storing pension benefit information. Any discrepancies between the two can negatively impact citizens and create problems for CNAS. While synchronizing these two sources of data would be helpful, it is unclear what this would cost and the full impact it would have on the business and investment environment. For that reason, BRITE is still evaluating this proposal and will reach a decision this coming quarter.

Reduce the burden of government inspections and controls by helping implement risk-based control procedures. This reform was proposed by the MOE in the first quarter of the project,

but has been delayed by the government. The recent resignation of the government will likely mean this activity is delayed further. Furthermore, the MOE has indicated that this activity is not a high priority given the fact that the most problematic authorities are excluded from the new rules, i.e. tax, Customs, financial market regulators. In light of this, BRITE is considering whether this activity should remain a work plan priority.

Simplify procedures for “Closing a Business.” As indicated in the BizCLIR assessment, the voluntary liquidation of a company is 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 process, we developed a questionnaire and surveyed 250 companies that had been liquidated during summer and fall of 2012 in order to better determine the actual steps, time, cost and other aspects of the liquidation process. The results revealed some interesting facts:

- About 22 percent of liquidated companies never activated.
- About half of the liquidated companies did not have employees.
- The average cost to close a company is 7,340 lei (602 USD) for companies that activated and 3,156 lei (259 USD) for companies that did not. These data do not include unofficial payments.
- Indirect costs account for 57 percent of the cost to companies that activated and 64 percent for companies that did not.
- The average time to close a company is a little more than 1 year, with most requiring less than 2.5 years.
- Fiscal pressure is the main reason cited for why a company closed.
- Companies generally support reducing the period established for creditors to claim debts from 6 months to 2 months.
- Most, however, did not support the idea of reducing the number of notifications in the Official Monitor from 2 to 1.

A report of the findings was sent to USAID separately and was shared with the MOE, and will be used to finalize a package of reforms and develop a more accurate impact assessment.

Streamline the issuance of permits at the local level. BRITE is working directly with USAID LGSP in supporting the development of an OSS at the local level. This is a priority of the MOE, and LGSP already has plans to introduce this on a pilot basis, which will also include all citizen services provided by local public administrations through town halls. This quarter, BRITE assisted LGSP in the selection of a local company to develop this concept over the next five months. Three companies responded to the LGSP RFP, and one was selected, pending budget negotiations. BRITE expects to support this local company and LGSP to ensure the concept meaningfully improves the provision of business services, namely trade and construction permits.

Develop recommendations and advocate for reforms to improve the 2014 Doing Business ranking. Work continued throughout the quarter to develop a package of recommendations to improve Moldova’s Doing Business ranking. As earlier agreed with the MOE, BRITE will prepare recommendations in the following areas:

- Trading Across Borders
- Paying Taxes
- Protecting Investors
- Starting a Business

Progress on the first two indicators is discussed under Component 1. For Protecting Investors, BRITE and its local expert, Alexandru Savva, completed a package of amendments to the law On Joint Stock Companies and a regulatory impact assessment, and circulated them in the MOE and the National Commission for Financial Markets (NCFM). Mr. Savva has also provided continued consultancy to both institutions in support of these amendments, one of the main features of which is introducing the concept of public vs. privately held companies, and introducing more public disclosure requirements for the former and less for the latter. If adopted, Moldova's rank in "Protecting Investors" is likely to reach the top 10, as the best global practices were used as the basis for the amendments.

Improve regulatory drafting and eliminate unjustified regulations. BRITE has been in discussions for the last several months with the World Bank, the MOE, and USAID to prepare a strategy to provide financial support to the RIA Secretariat once World Bank funding ends on May 31, 2013. Two solutions are under discussion – separately hiring the five individual consultants, or hiring a company that in turn will hire and manage the consultants, including their activities on the RIA Secretariat. Both scenarios will require a change in the functions of the consultants and their relationship to the MOE. For example, in addition to supporting the National Working Group on Entrepreneurship, the consultants should also be able to focus their efforts on building capacity in the government for better regulation, and identifying and promoting other key regulatory reforms in partnership with BRITE, MOE, and the private sector. Taking ownership of this capacity will thus allow BRITE to develop a more stable and positive relationship with the MOE and other authorities, and to have the ability and expertise to proactively seek opportunities for other reforms. This could also bolster our capacity for assessing and measuring impact and developing effective communications tools.

High impact reforms at the NBS (National Bureau of Statistics). This quarter, BRITE met with staff of the NBS to explore possible cooperation to improve the business environment. NBS was considered a good partner of the USAID BIZTAR project, and NBS viewed this cooperation favorably. The new Director General, Ms. Lucia Spoiala, expressed openness to cooperating BRITE, especially in establishing e-reporting solutions at the NBS, using the same e-platform as for CNAS and CNAM reports. At present, the NBS is the only major public institution to which businesses cannot submit reports electronically (on-line). BRITE plans to meet with the technical staff at NBS in April to discuss this possibility further.

C. Component 3: Strategic Communications

In this quarter, BRITE's strategic communications team reached several milestones, including the completion of the stakeholder mapping research, the launch of the project website, and the initiation of communications strategies and capacity-building activities with the project's government counterparts.

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

Stakeholder mapping and analysis. The stakeholder mapping and analysis research carried out by subcontractor Magenta Consulting was completed in March. The subcontract included both quantitative and qualitative research elements, and was designed to achieve the following four objectives:

- 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.

Highlights of the research are presented in Annex B.

Develop BRITE's strategic communications plan. 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 and the national communications 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.

Develop and implement "mini-strategies" for each reform. The Component 3 team supports reform initiatives under Components 1 and 2 by developing communications strategies for each reform. In this quarter, the project developed a communications plan for the launch of the Current Account System and for a web application placed on the National Social Insurance House's home page.

- *"Current account" communications.* The BRITE project's communications team developed a communications strategy to support the launch of the online Current Account System. To support the communications plan, 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. The plan includes internal communications through training for tax inspectors; promotional materials to inform businesses (posters and flyers in Romanian and Russian); direct communications through the email database of FSI and through the fisc.md, servicii.fisc.md, and fiscservinform.md websites; outreach to associations and their members; a robust media plan including a press conference; and regional training and outreach forums. A success story on the Current Account System will be developed after the launch in the next quarter.

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. This process included developing easy-to-understand names for the reports the system can generate, developing help boxes with the description of the reports to generate, and improving the text used on the site. In addition, the communications team 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 (see text box).

Praise for Current Account Communications Training

“Tax inspectors have never had the chance to be told how to speak with taxpayers and how to better communicate with beneficiaries. ... Communications training is very needed and important for regional tax inspectors because they represent the last interface of the institution with taxpayers, media, and society.”

—*Maria Cotruța, Director
FiscServInform Training Center*

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 (see text box).

- “*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 (as described in Component 2, above). The plan includes a joint press release and the integration of the web application in regional outreach meetings. CNAS is already planning to support its new e-reporting tool, placing the application on the public e-services portal (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. A success story on the CNAS web application will be developed in the next quarter.

Build communications capacity among key government stakeholders. The project’s Component 3 team dedicated significant time and resources to building communications capacity among its government counterparts in the third quarter. In addition to working with government communicators in developing and implementing “mini-strategies” in support of BRITE-assisted reforms, which provides an opportunity to learn by doing, the project held a large training session in February (see textbox below), has launched the development of a communications strategy with the MOE, and is working with the MCS on both an organizational communications strategy and a communications plan in support of Customs’ new simplified clearance procedures.

- *Joint communications training with EUBAM.* In February, BRITE and EUBAM’s communications teams held a joint training program for press officers and communications personnel from the MCS, the STS, FiscServInform, the Border Police, and the Ministry of Internal Affairs. EUBAM’s communications officer presented on the role of public communications in a democratic society, media relations, and interview skills. BRITE’s communications team provided training in communications strategy development, social media and online communications, and organizational branding and messaging. The communications strategy development

Feedback on Communications Training

“It was a different kind of training than I had the chance to participate in. One where you can create, give new ideas, feel that you can do more!”

“The practical part was the most useful — especially study cases (communications strategies and crisis communications) where we had a chance to learn how to react in such moments.”

training and practical exercise were particularly well-received, as none of the institutions at the training have a current communications strategy. For the practical exercise, trainees selected one reform or initiative their organization would be implementing over the coming year and developed a strategy to support it through communications.

The training took place at an interesting time, as almost all of the institutions present had either just gone through a crisis or experienced a crisis while the training was going on. The participants and trainers evaluated each institution's response as part of the sessions on crisis communications.

The BRITE communications team is continuing to follow up with training participants to provide feedback and guidance on their communications activities. For example, the project provided the STS with screenshots of Moldovan opinion leaders' Facebook posts on long lines at the STS' territorial offices and encouraged the STS's press officer to address these concerns.

- *Customs Service: communications strategy and simplified clearance procedures (SCP) communications support.* After the successful training on communications held in February, BRITE and EUBAM agreed to help the MCS in developing a comprehensive communications strategy. A working group with representatives from key departments of the MCS will be created to write the strategy, which will include internal and external communications, media relations, and a specific toolkit for crisis communications. The working group will meet weekly during two months starting in mid-April.

Additionally, BRITE has agreed to support the MCS' efforts to promote the SCPs. Although the SCPs improve on previous practices, they will need to be further refined to meet EU standards. For this reason, BRITE has encouraged the MCS to adopt an internet-based communications approach, as that will allow information on the SCPs to be updated most easily. Any printed materials developed for this effort will be designed to drive traffic to the MCS' website.

- *Communications strategy for the Regulatory Reform Strategy of the MOE.* The project's communications team continued its cooperation with the press office of MOE. The Ministry's press office asked for assistance in responding to the draft Regulatory Reform Strategy, which has a large communications component. The BRITE communications team, together with the MOE press office, started providing comments on each of the communications activities envisioned under the strategy, and developing an alternative plan to propose by May 2013. When the plan is ready, it will be included in the Regulatory Reform Strategy which will be offered for approval as a law.

Develop framework for national communications campaign. The project developed a concept paper for the national communications strategy during the previous quarter, which proposed building communications capacity with its partners and counterparts and identify areas of collaboration arise naturally during that process. , In this quarter, BRITE met with the EU High Level Policy Advice Mission's strategic communications and policy planning adviser, Steven Coventry, to find ways of working more closely with communicators from all government ministries. BRITE will hold a follow-up meeting of the participants in its communications training with EU-BAM begin working more closely with its private sector counterparts on their communications plans in the coming quarter.

Coordination with other donors. BRITE’s communications team has formed 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. The project team also continues to seek opportunities to work with the International Finance Corporation to support the MOE, and will collaborate with the EU High-Level Policy Advice Mission to launch a communicators’ working group in the next quarter.

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 STS and the Consultative Council at the MCS. 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.

Beginning next quarter, BRITE will begin to work with some of the key members of these groups on their communications activities and plans, similar to our current work with the public authorities, such as MCS and STS. As mentioned earlier, BRITE plans to work more closely with the RIA Secretariat which supports the other major public-private dialogue forum in Moldova – the National Working Group on Entrepreneurship, which include some of the same members. This will allow us to better diagnose the issues faced by private sector participants in these forums and develop strategies for strengthening their participation and their voice.

C3. Project Communications Activities

This quarter, BRITE launched its website in both English and Romanian. 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:* 181
- *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.

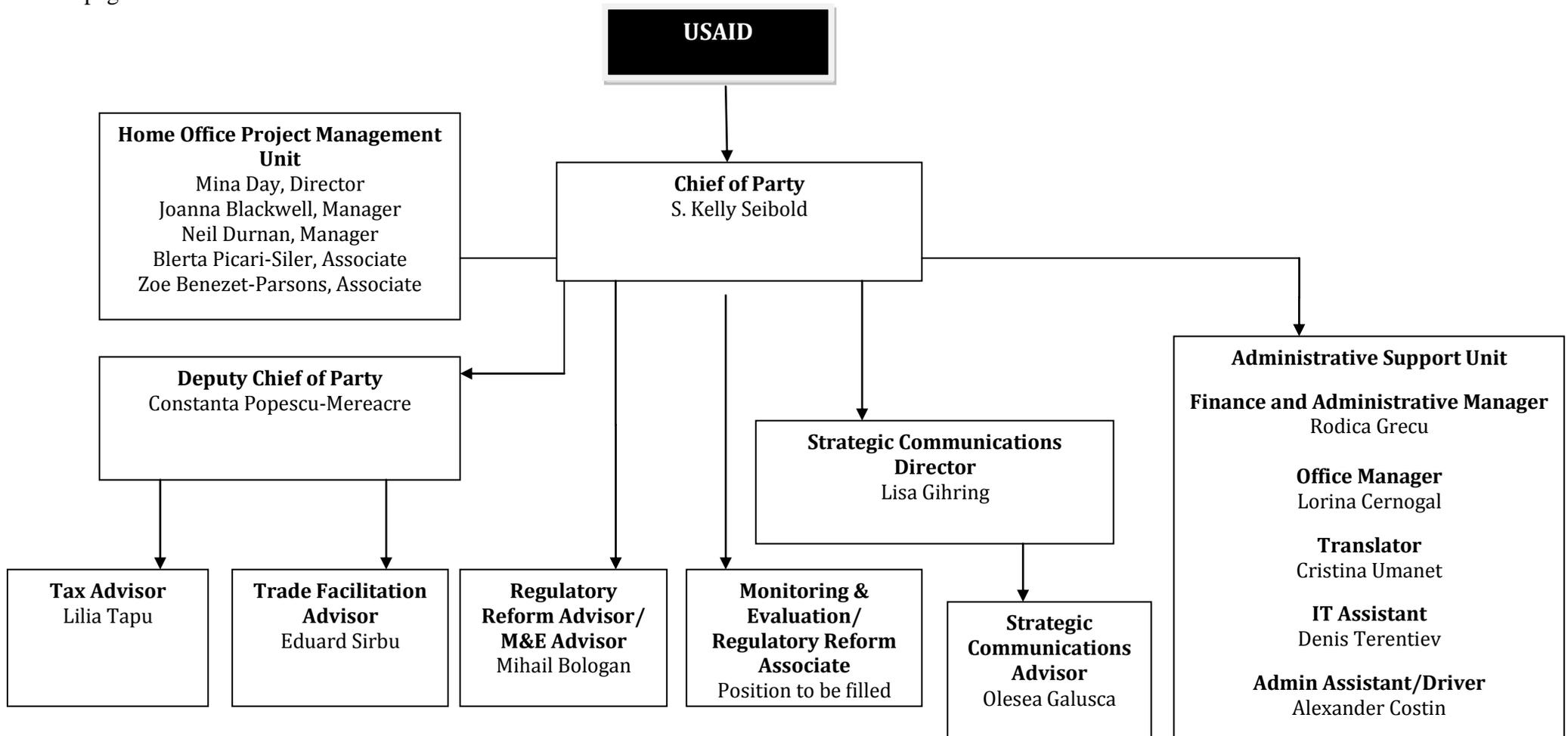
Media coverage of the project's activities included two articles in *Monitorul Fiscal* — an interview with the Chief of Party and a story on the online Current Account System. In addition, an overview of the project and its work in trade facilitation was published in VAMA, the Customs Service's in-house magazine, in late March.

D. Other Program Activities

At the request of USAID, BRITE revised its Performance Monitoring and Evaluation Plan (PMEP) this quarter to include several USAID Standard Indicators. The previous version of the PMEP included only one standard indicator. USAID approved the PMEP in March and also agreed to align the PMEP's data collection schedule for annually-reported indicators with the fiscal year so that the PMEP corresponds to USAID's annual reporting requirements. This means that Year 1 targets will be measured as of September 30, 2013 and reported in October 2013. The PMEP will continue to be reviewed and revised with each work plan, as necessary.

SECTION II: OPERATIONS AND ADMINISTRATION

BRITE underwent several staffing changes this quarter. Oleg Grigori, Regulatory Reform Advisor, left the project in early February, and his duties were assumed by Mihai Bologan, who was promoted to the position of Regulatory Reform and Monitoring & Evaluation Advisor. BRITE is now considering how best to fill the vacancy in monitoring and evaluation. BRITE also welcomed a new Office Manager, Ms. Lorina Cernogal, and a part-time IT Administrator, Mr. Denis Terentiev. Please see a current organizational chart of the project staff on the following page.



SECTION III: PREVIEW OF UPCOMING QUARTER

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

- Component 1
 - Finalize timing of key trade processes; work with the MCS to align process maps with legislation; finalize recommended improvements.
 - Identify action items from the trade process assessment for the Year 2 work plan.
 - Finalize work on improving the Doing Business “Trading across Borders” indicator.
 - Identify action items for BRITE from the EBA study.

- Component 2:
 - Agree on a mechanism for and assume ownership of the RIA Secretariat
 - Perform the first semi-annual survey of 800 businesses to gauge opinion on BRITE’s current initiatives, which will feed into the PMEP’s semi-annual indicators.
 - Support the MOE to advance discussions and complete proposed amendments to improve the law On Joint Stock Companies and the process of voluntarily closing a business.
 - Agree with the NBS on a roadmap for simplifying their reporting requirements by implementing e-reporting.
 - Explore with CNAS possible assistance to synchronize their database and the State Register of Population, and determine if it has any impact on businesses.
 - Support the LGSP project in monitoring the implementation of the local subcontract for developing the concept of the CISC.
 - Meet with Doing Business respondents and present the findings of the survey on the “Starting a Business” performed by BRITE in December 2012, in order to provide arguments for why Moldova should improve its position. Do the same for “Trading Across Borders” and “Paying Taxes” respondents.

- Component 3
 - Rollout of the Online Current Account System and regional training and outreach on the system.
 - Working with EUBAM, launch development of an organizational communications strategy for the MCS. Also support Customs’ efforts to publicize the simplified clearance procedures.
 - Completion and presentation of a communications strategy for the MOE’s draft Regulatory Reform Strategy.
 - Launch of communications strategy development with the STS.
 - Define scope of work for public-private dialogue diagnostic.

Annex A: Progress toward the Performance Monitoring and Evaluation Plan

Proposed Indicator	Unit	Baseline	Q3Y1	Targets (by fiscal year)				Comments	
				Year 1	Year 2	Year 3	Year 4		
BRITE Program Objective: Identify and Implement Business Environment Reforms Through Increased Public Private Dialogue and Improved Institutional Capacity									
2	Monetized benefit of BRITE-sponsored reforms to the private sector (on an annualized basis)	mil. USD	0	0	10	30	60	100	So far, the impact of the reforms identified by BRITE were either not fully implemented, or quantified
3	Monetized benefit of BRITE-sponsored reforms to the public sector (on an annualized basis)	mil. USD	0	0	10	30	60	100	
Component 1 – Tax Administration and Trade Facilitation									
Intermediate Result 1.1 – Improved tax administration reduces the administrative burden of paying taxes while increasing revenue collection									
8	Number of tax regulatory and administrative procedures eliminated or improved as the result of USG assistance	#	0	0	3	10	17	25	One process is pending to be fully implemented (Current Account System for taxpayers).
Intermediate Result 1.2 – Time and cost of moving goods across borders reduced									
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	5-Jan	3.15	3.04 (Q1-Q4 Y2012)	3	3.15	3.25	3.7	The last two quarters in 2012 registered a lower ratio of exports to imports. Despite this, the index of Trading Across Borders has a better than average value.
Component 2 – High Impact Regulatory Reforms									
Intermediate Result 2.1 – High impact reforms identified and implemented, improving overall business climate in Moldova									
16	Number of reforms across the reform lifecycle identified and implemented by BRITE and through PPD	#	0	1	3	10	15	20	More reforms were identified during the last quarter, but one was fully implemented at CNAS, by providing the possibility of checking the CPAS number on-line.

Component 3 – Strategic Communications									
Intermediate Result 3.1 – Increased awareness and understanding of business climate reform, progress achieved to date, and new reform initiatives									
20	Number of articles placed in print media, as well as TV and radio segments, devoted to the specific reforms and project initiatives to improve the business enabling environment	#	0	27	30	50	120	200	The cumulative number of articles about BRITE is 27 since the launching. Most of them appeared on the internet and in written media. There was one appearance on TV and two on radio.
Proposed Indicator		Unit	Baseline	Q3Y1	Targets (by fiscal year)				Comments
					Year 1	Year 2	Year 3	Year 4	
Intermediate Result 3.2 – Stronger, more effective private sector voice in public private dialogue on business climate reforms									
22	Number of activities and initiatives, supported by BRITE, and involving the participation of businesses in PPD	#	0	9	10	25	35	50	Four trainings for Taxpayers Current Account System and one training for communications for spokespersons from government institutions; presentation of mapping of the trading processes; two Customs Consultative Council meetings; one STS Conformity Council meeting.
Cross-cutting indicator									
23	Proportion of female participants in BRITE-assisted activities, initiatives and events	%	37.4	59	45	45	45	45	During the activities, the number of participants was predominantly represented by women.

ANNEX B: OVERVIEW OF MAGENTA SURVEY FINDINGS

To support its strategic communications efforts, as well as its monitoring and evaluation program, BRITE contracted Magenta Consulting to perform both qualitative and quantitative studies of perceptions, attitudes, and practices in BRITE's focus areas of tax administration, trade facilitation, and regulatory reforms. The BRITE project had four overarching objectives in undertaking this study:

- 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.

Methodology

To achieve the objectives of the survey, Magenta conducted two quantitative analyses: a survey of private sector representatives and a survey of the general public. A representative sample of 400 private sector actors (business owners, managers, accountants, and economists) was used for the private sector survey. For the survey of the general public, the initial sample size was more than 1,100. Based on the survey, the demographic profile of respondents who were knowledgeable about reforms was identified and a booster survey of nearly 500 more respondents fitting that profile was undertaken to ensure statistically significant results.

Quantitative elements of the research included interviews with experts, opinion leaders, and project staff to inform the development of the surveys. In addition, to help set the project's baseline on the cost and time of moving goods across borders, Magenta performed a Delphi survey with a panel of traders and customs brokers to seek consensus on the most costly bottlenecks to trade in Moldova.

Key Findings

There is a relatively low level of knowledge of reforms in Moldova, with only 21 percent of respondents being able to name any of the government's reform achievements over the last three years. More than twice as many (51 percent) could identify what they viewed as a governmental failure in the area of economic reforms in the last three years. Even fewer could identify that particular reforms had taken place with USAID assistance (only 11 percent of all respondents could name a reform that had been accomplished with USAID assistance). When asked to name a USAID project, more respondents named BIZPRO (20 percent) than any other project.

The main barrier to successful implementation of reforms is the lack of qualified government employees, according to 47 percent of private sector representatives. Other obstacles cited include the lack of an economic development plan (42 percent), lack of political will (36 percent), lack of implementation mechanisms (33 percent), lack of financial resources to implement reforms (24 percent), lack of interest from the private sector in improving the

current situation (18 percent), absence of public-private dialogue to generate feedback on implementation of reforms (17 percent), and the minimal presence of interest groups (16 percent).

An inverse correlation exists between the perception of institution's corruption and the number of people who have interacted with or sought services from that institution. For example, the National Bureau of Statistics (NBS) is regarded as one of the least corrupt institutions, but it is also one of the institutions where the fewest number of respondents have had to seek services. Interestingly, the frequency of use is high for those who do have to use the NBS' services. The government institutions most often addressed by Moldovan citizens are the Customs Service, the State Tax Service, the National Social Insurance House, and the territorial Social Insurance Houses, while those that are rated most corrupt by the general public are the Customs Service, the National Institute of Standardization and Metrology, the State Construction Inspectorate, and the State Tax Service. This correlation indicates that efforts to decrease the direct interaction between citizens and public institutions might have the effect of reducing the perception of corruption.

Private sector involvement in associations or any form of public-private dialogue is extremely low. Only 9 percent of private sector representatives indicated that they were members of a private sector association; the majority of these belong to the association representing their industry. In addition, only 14 percent of those who belong to associations knew whether their association participated in any form of public-private dialogue — in other words, out of the 408 respondents in the private sector survey, only 5 were able to state that their association participated in public-private dialogue. The best-known forums for public-private dialogue are the National Business Agenda and the National NGO Council. Only 11 percent of respondents knew about the Regulatory Impact Assessment Secretariat. In addition, only 7 percent of respondents in the private sector indicated that they knew how to provide feedback on draft laws or regulations.

Component 1: Tax Administration

More respondents among both the general population and the private sector stated that they were aware of reforms in the tax area than in the areas of trade facilitation or other regulatory reforms. Together with the MCS and the State Construction Inspectorate, the STS received the lowest “favorable” ratings among respondents in the general public survey.

In the private sector survey, more respondents indicated that they have interacted with the STS than any other government entity (92 percent). It is ranked at the top of the list of perceived corruption, with 36 percent saying it is corrupt, compared to 35 percent for the MCS. However, when compared to Customs, more respondents said that the STS was not corrupt (22 percent versus 9 percent). The STS is rated in the middle of the pack on quality of service and quality of information provided.

The survey confirmed that the low quality of tax legislation, which has many gaps and ambiguous or conflicting norms, is one of the key issues related to taxation. The private sector does not view tax calculation as an easy procedure. The greatest share (27 percent) thinks it is neither easy nor complicated, but 25 percent finds it complicated and 10 percent said it is very complicated.

When asked which reforms or service improvements would ease the administrative burden of paying taxes, 64 percent of the private sector respondents mentioned the ability to obtain certificates confirming the lack of debts to the state budget. The BRITE program is currently working with the State Tax Service and FiscServInform to launch this service through the Online Current Account System. Other responses included: paying taxes and fees online (62 percent), online filing of documents for overpayment refunds (53 percent), and tax residency certificates (32 percent).

Component 1: Trade Facilitation

As mentioned above, the MCS received the lowest “favorable” ratings in the general public survey, together with the STS and the State Construction Inspectorate. Ratings of other trade-related institutions vary: the General Inspectorate on Phyto-Sanitary Monitoring and Seed Control received the second-highest favorable ranking (behind the National Bureau of Statistics), while the Public Veterinary Services received an average score and the National Institute of Standardization and Metrology has a below average rating.

In the private sector survey, as noted above, Customs was described as one of the most corrupt government institutions, together with the STS. (The Standardization and Metrology Institute, Phytosanitary Inspectorate, and Ministry of Agriculture were ranked the second-through fourth-least corrupt institutions). Customs also ranked last on overall satisfaction with the services provided and second to last (behind Public Veterinary Services) on the quality of information provided.

Importing was consistently rated as more difficult than exporting. The time estimated to cross the border was an average of 31.5 hours when importing goods (including the time needed to reach the company warehouse) and 29 hours when exporting goods. The time spent at the customs terminal when exporting goods is significantly longer (23.6 hours, compared to 15.1 hours when importing goods). When importing goods, the processes rated as most difficult are Customs control, obtaining import permits/documentation, and the bill of entry. When exporting, the processes rated as most difficult are obtaining export licenses, obtaining authorization for specific Customs regimes or procedures, and transit procedures.

Component 2: High Impact Regulatory Reforms

Although the awareness of reforms is low in Moldova, among those who could cite a specific reform in the general public survey, the most cited was in the area of “Starting a Business.” Among the general public, very few (less than 10 percent) have had any interaction with the government institutions responsible for business regulations (outside of tax and trade-related institution). In both the general public and private sector surveys, opinions of the Licensing Chamber are less favorable than those of the State Registration Chamber or the MOE, with the Licensing Chamber also viewed as more corrupt.

The study confirms the findings of the BizCLIR assessment that closing a business is a complicated, expensive process in Moldova. Without taking into consideration the particularities of specific businesses, the average length of a closing procedure was reported to be 12 months, with up to 16 documents required to complete it. The average reported cost was nearly 6,800 lei.

A relatively small portion of private sector respondents are aware of the RIA mechanism — and of those who are aware of it, more view it as an inefficient mechanism than an efficient one. This is an important consideration for BRITE as the project prepares to provide financial support to the secretariat. The project can consider these data as a baseline for any efforts to increase awareness about the secretariat or using the secretariat as a means to promote economic reform.

Component 3: Strategic Communications

From a strategic communications perspective, the Magenta study shows lower-than-anticipated levels of awareness of economic reforms, even among the private sector. In addition, as noted above, one of the significant findings of the Magenta survey is the low level of participation in private-sector associations and even lower awareness of association's efforts in public-private dialogue. In addition, 70 percent of private sector survey respondents have never heard of the public-private dialogue forums. These are significant findings, as they reflect poor outreach and communications on the public sector side and indicate less engagement than anticipated on the private sector side.

On the public sector side, the MCS in particular is criticized for both the quality of services it provides and the quality of information it offers. The STS receives average marks, and respondents rated the MOE in the top four for each category. Interestingly, the MOF, to which both the MCS and the STS are subordinate, is generally viewed more favorably than either the MCS or the STS, and is seen as less corrupt.

On the private sector side, as mentioned above, participation in associations is very low. The most commonly mentioned purpose of associations listed by all private sector survey respondents were: to represent and lobby for the interests of their members (63 percent); to inform members about changes that would have an impact on their business/industry (56 percent); and to develop sectoral/industry strategic plans (41 percent). Only 11 percent cited public-private dialogue as a perceived benefit of association membership. Among those who do belong to an association, the primary benefits of membership were listed as workshops on industry-related issues (61 percent), newsletters on the latest technologies related to their business (58 percent), and newsletters on the latest legislation changes related to their business (58 percent). Public-private dialogue was not mentioned among the top seven answers — not surprising, given that only 14 percent of association members were able to state whether their association participates in public-private dialogue forums.

The survey also profiles demographic groups that are more likely to be knowledgeable and interested in reforms. In addition, it offers significant insight into information-consumption patterns — both when seeking specific information on government services and for general patterns of media use.

Using the Study Findings

The results of the Magenta survey allow BRITE to better understand the environment in which it is working. The findings of the baseline survey will be integrated into BRITE's ongoing activities in several ways:

- The priorities for future reforms will be integrated into the project's Year 2 work planning process.

- BRITE will use some of the questions in its semi-annual survey in order to monitor the evolution of the results.
- The project will use the findings for each of BRITE's government stakeholders in developing communications strategies with those stakeholders.
- For the project's private sector partners, the project will use the data on perceived vs. realized benefits of association members and the efficiency and effectiveness of public-private dialogue to define its program of activities.
- Information- and media-consumption patterns will help to guide decision-making on communications channels to use and improve.

Lessons Learned

Understanding technical issues is key. Magenta's survey design team had only a superficial understanding of the survey's focus areas. Therefore, the survey design process required significant input from the BRITE team to ensure that questions were relevant to BRITE's work and understandable to potential respondents. This effort required much more time on BRITE's part than envisioned to ensure a successful outcome.

Be realistic about timing. The preliminary schedule for implementation was overly optimistic. The subcontractor was not able to provide the first few deliverables on time, and the amount of input needed to develop survey questions led to further delays. Unfortunately, the early arrival of heavy snow in Moldova this winter also slowed the implementation of the quantitative survey. As a result, the final report was received three months later than anticipated.

Limit the scope. The survey covers six major areas: perceptions of government institutions, public-private dialogue, tax administration, regulatory reform, trade facilitation, and information-consumption patterns. To prevent the survey from requiring two hours to conduct, several questions were eliminated from the questionnaire, leaving in a fairly superficial treatment of some issues. Limiting the areas of inquiry of the survey would have allowed more thorough investigation of key issues.