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

BUSINESS REGULATORY, INVESTMENT, AND TRADE ENVIRONMENT PROGRAM

**YEAR 2 QUARTER 2 REPORT
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Acronyms

AEI	Alliance for European Integration
AEO	Authorized Economic Operator
AITA	Association of International Automobile Transporters
AmCham	American Chamber of Commerce
ANSA	National Food Safety Agency
APA	Academy of Public Administration
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



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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
TAB	Trading Across Borders (World Bank “Doing Business”)
UNCTAD	United Nations Conference on Trade and Development



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EXECUTIVE SUMMARY

This quarter BRITE made considerable progress in a number of project initiatives. The Taxpayer Current Account was finally completed and launched at the end of the quarter with the participation of the U.S. ambassador to Moldova. The mapping of six major customs processes was completed with the help of an international consultant and a number of recommendations were presented directly to the Moldova Customs Service (MCS) General Director. A number of initiatives under the Government of Moldova (GoM) Road Map were advanced including changes to the law On Joint Stock companies, permit reform and improvements to the Regulatory Impact Assessment (RIA) methodology and training program. Finally, BRITE completed training for 17 communicators in 10 different public authorities on the Regulatory Reform Strategy and how to develop to develop communication plans for different activities.

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 greater detail later in the report.

- Finalized and publically launched the Online Taxpayer Current Account (Current Account) together with State Tax Service (STS), USAID and the U.S. ambassador.
- Launched, together with Moldova Customs, the full electronic declaration for export of goods.
- Completed mapping of six key customs processes and presented recommendations to streamline them.
- Finalized and presented to the MCS the trade process timing study, which maps the time it takes for goods to clear and export procedures.
- Finalized inventory of all export permits aligned with the Harmonized System (HS) nomenclature and presented first stage recommendations for streamlining them.
- Finalized a package of legal amendments to eliminate and streamline other permissive documents as part of the GoM “Road Map” for business environment reform.
- Together with the MoE and several private sector associations, agreed with the National Commission on Financial Markets on a unified package of amendments to the law On Joint Stock Companies.
- Awarded a subcontract to the Business Research Company to develop an improved RIA methodology and RIA manual, a training program in the Academy of Public Administration (APA), and an online RIA portal.
- Trained 17 communicators from 10 different public authorities in strategic communications and how to develop communications plans around specific aspects of the Regulatory Reform Strategy (RRS).
- Developed and disseminated a package of communications tools around the Taxpayer Current Account, including the launch press conference, video seminar and tutorials on the STS YouTube channel and servicii.fisc.md, and posters and flyers for business associations and territorial offices.
- Developed and loaded video animation, new website rubric and other communications materials on E-customs.

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

1.1.1 Finalize development of and launch the Taxpayer Current Account.

This quarter, DAAC Systems completed the upgrade of the Current Account to include the additional functionalities requested by STS and funded by BRITE. Despite these changes, the migration of data from the previous Informix system created additional errors in taxpayer accounts that required enormous effort on the part of STS and FiscServInform (FSI) to correct. Furthermore, STS repeatedly requested changes to a number of reports that required additional work on the part of DAAC Systems that was not included in the original technical task. This delayed the launch of the Current Account, but also allowed for tax inspectors and other STS staff to use the system internally, test its functionality and correctness, and ensure it was ready for a public launch. BRITE supported all of these activities through its contract with DAAC Systems and its participation in the Current Account Working Group, which met at least once per week, often twice, throughout the quarter and ensured the work stayed on track and was eventually completed. Additionally, STS and FiscServInform organized training on their own for 250 tax inspectors, personnel in the Chisinau State Tax Inspectorate (STI) and employees of the call center.

The launch took place on March 31, with the participation of the U.S. ambassador William Moser, the Minister of Finance Anatol Arapu, and the Head of the Main State Tax Inspectorate (MSTI) Ion Prisacaru. The Director of FiscServInform, Vitaliy Coceban, made a presentation to the participants on the basic architecture of the Current Account, and the reports available to taxpayers and how to access them. BRITE's technical staff also helped prepare video tutorials for the taxpayers that provide step-by-step instructions on accessing and understanding the available reports.



William Moser, U.S. Ambassador, Ion Prisacaru, Head of STS, Anatol Arapu, Minister of Finance

According to STS/FSI, at the time of the launch there were 62,756 users with access to the Current Account. These are users that could potentially log into the system and use it as of this moment, as they already have a digital signature and have been given access automatically. Of these users, there are 1,525 tax inspectors, 8,320 individuals, and 26,543 economic agents. The economic agents have 52,911 user accounts, so roughly two accounts per economic agent. To date, the system has been accessed by roughly 8,200 unique users, of which 1,095 are tax inspectors.

Going forward, BRITE plans to periodically monitor unique log-ins and usage trends. In order to monetize the benefit of the service, BRITE will determine the change in the number of personal verification acts and indebtedness certificates printed by the STS. Additionally, BRITE will recommend that the STS monitor and strongly encourage the usage of the on-line service, with the intention of gradually phasing out paper reports.

BRITE hopes to formally transfer ownership of the Current Account to STS this coming quarter and then determine how best to address future enhancements. BRITE is recommending the STS develop its own capacity for determining its IT modernization needs, budget accordingly, and then procure the needed services, either through FiscServInform or outside providers. Too often, this responsibility has been ceded entirely to FiscServInform, which usually results in project delays and cost overruns. BRITE has already requested that the STS develop a detailed proposal for the next stage of enhancements that clearly defines the tasks, the benefits to STS and taxpayers, and the expected timeline and results.

1.1.2 Develop an electronic mechanism for relevant public authorities to receive certificates of tax status for companies from the Current Account.

Electronic certification is included in the next stage of development of the Current Account and will commence after the system has been used by actual taxpayers for a sufficient period of time. STS and BRITE have already developed a draft data-sharing agreement and will begin implementation this coming quarter.

1.1.3 Support the introduction of a Single Taxpayer Account.

As reported last quarter, the first stage study of the single taxpayer account concluded that such a system could be implemented, but a solution needs to be agreed upon with Treasury on how to allocate tax payments in the absence of final declarations. Additionally, BRITE requested more information from STS and FSI on the actual number of payments being made by unique payers over the last several years for each of the main budget classifications. This helps identify where most of the payments originate and to where they are directed. The next stage is to complete a more detailed map of the payment process and system, both in and outside the Treasury and STS. This has already begun and will be completed this quarter.

1.1.4 Identify and implement other tax streamlining measures.

In general, this quarter, little progress was made in advancing tax streamlining measures that require the support and approval of the Ministry of Finance (MoF). A number of issues advanced by BRITE and STS have been either rejected or stalled by MoF. Our efforts to address these directly with the Deputy Minister also have proven unsuccessful. This reality has caused us to focus our attention away from policy issues, i.e. those requiring changes to the Tax Code and Government regulations with approval of the MoF, and more towards improvements in tax administration that can be implemented more directly by STS. The fact that 2014 is an election year will likely discourage significant changes to the Tax Code.

- a) *Assist the STS to revise the system of penalties and fines to match the severity of violations; distinguish between negligence and intent; introduce “grace periods” for correcting errors/violations.*

This quarter BRITE worked closely with a working group in STS to develop draft amendments to several normative acts to improve the system of penalties and sanctions for

violations of tax law. This activity is included in the GoM's Road Map (Item 20.1). STS has already prepared an initial set of recommendations and BRITE provided additional ideas to be considered. These include lower penalties to newly registered taxpayers for a certain period of time (for some types of offences, not related to deliberate failure to declare and pay taxes); calculating penalties in relation to the size of the tax liability and lost revenues; reducing the penalties for certain accounting errors that occurred only in one year; cancelling penalties for the reduction of taxable income for the period when the "0" tax rate applied, as there was no loss to the budget. These and other proposals will be discussed during a public roundtable in early May. Afterwards, BRITE will assist STS to prepare final amendments for consideration by the MoF and the government.

b) Support the STS to advance the adoption of draft legal amendments to streamline voluntary liquidation, and develop and disseminate a guide for businesses.

This quarter, the MoF established a working group to discuss legal changes in the process of voluntary liquidation that includes BRITE, STS and MoF. Unfortunately, the staff assigned from MoF was unprepared and unqualified in the subject matter. This left the bulk of the work to be completed by BRITE and STS without input from the MoF. The main features of these amendments include clearer rules on ways and deadlines for declaring tax obligations for all type of taxes when initiating the liquidation procedure; requiring public authorities to submit information about the initiation of the liquidation procedure rather than economic operators; eliminating tax audits during the liquidation procedure of the company, and tasking STS with receiving information on the discharge of all tax liabilities to the national public budget directly from public authorities, within the timeframe provided by law, rather than requiring this to be provided by economic operators. The final draft was submitted by the working group to STS, which will forward it to the MoF for further review.

c) Assist the STS in revising the rules concerning taxation of small businesses.

After discussions with the MoF and STS this quarter, BRITE elected to table this issue for later in the project year until other issues of interest, like voluntary liquidation and penalties, reach a more advanced stage.

d) Other streamlined measures in support of the STS and the Ministry of Finance priorities.

Another issue discussed earlier with MoF regards improvements to the rules for depreciation of fixed assets for tax purposes. Though MoF has expressed an interest in addressing the issue they are less inclined to work jointly with BRITE, STS, and the private sector to find a solution, preferring instead to wait for concrete proposals. As mentioned above, this has so far proven to be a less effective approach, and this issue has been set aside pending progress on other issues requiring MoF support.

1.1.5 Streamline the business processes within the STS

As mentioned above, BRITE has agreed to begin top-level mapping of the process for revenue collection related to the payment system and improving it through the introduction of a single taxpayer account or similar streamlining measures. This is a high priority for STS and this initial stage of the work can be completed internally by BRITE without the need for additional STTA.

1.1.6 Coordinate with Component 3 Strategic Communications efforts.

Results of these activities are addressed in more detail under Component 3 below.

1.1.7 Lead donor coordination efforts.

In February, BRITE participated in a two-week mission of the IMF to evaluate tax administration and IT systems in the STS and FSI, and assisted in an evaluation of the Current Account and the tax payment system. The mission recommended that donors support a full upgrade of the IT system in the next several years and that process mapping should be undertaken for most of the core business processes. We agreed to work together to map the payment process as part of an effort to develop a single account or streamlined tax payment system for taxpayers forced to make hundreds of payments per year. The IMF also agreed with BRITE's recommendation to eliminate or lower the cost of digital signatures for taxpayers to encourage greater e-filings of tax declarations.

At the same time, BRITE met a World Bank mission that is developing a five-year tax administration support program that will include new IT systems for STS. The program, however, will likely not begin until at least mid-2015.

We continue to coordinate our activities with Sida, particularly in the area of communication and taxpayer services. This quarter, Sida had several Swedish advisers in country focusing on communications support and we provided them the STS Communications Strategy and Action Plan. A new communications department has been created within STS and both BRITE and Sida have agreed to support it and to review and revise the strategy and action plan accordingly.

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

1.2.1 Map import-export and inland processes and recommend streamlining measures.

The continuation of the work on process improvements started last year was delayed due to the unavailability of BRITE's original adviser, Patricia McCauley. As a result, BRITE engaged another customs and trade adviser, Mr. Nigel Moore, to revisit the three processes initially mapped – import, export, and inward processing – and to map and analyze an additional three processes – temporary admission, customs warehousing, and outward processing. This took place over a two week period in February and included significant changes to the original process maps based on some implemented reforms, and the addition of 38 unique processes within these three new customs regimes. Based on the mapping, Mr. Moore made a number of recommendations to streamline the processes and bring them in line with international norms and practices. Mr. Moore's final



Mapping process

report was provided to USAID separately, but some of the main recommendations include:

- Accelerating the implementation of full electronic (paperless) customs clearance. This could begin immediately for Green Lane shipments.
- Approving implementing regulations for simplified procedures included in the most recent amendments to the Customs Code.
- Introducing Blue Lane routing for post clearance audits.
- Approving authorization criteria for AEOs.
- Introducing the approved exporter scheme and self-certification for certificates of origin.
- Completing the New Computerized Transport System (NCTS) link.

In addition, Mr. Moore reviewed the EU Partnership Agreement and the DCFTA and identified a number of areas where BRITE could provide assistance to ensure Moldova's compliance with its requirements. Several of these are included in the list above.

a) Timing Study

As mentioned last quarter, BRITE completed the timing study of shipments carried out at selected Border Crossing Points (BCPs) and Inland Customs Points (ICPs). This was delayed by a lack of data from MCS, which was finally delivered late last year. The analysis of the findings was presented to MCS staff in February.

The study shows that it takes an average of **8.35** hours for a truck to clear **import** procedures, and an average of **9.4** hours to clear **export** procedures. Such average figures should be treated as rough estimates however, as there is significant variance based on factors such as type of corridor, crossing point, and type of declaration. As such, if empty trucks are excluded from the calculations (such trucks take significantly less time, between 0.3 and 1 hour for import and between 3.4 and 5.3 hours for export), more accurate estimates of **10.9** hours for import, and **12** hours for export procedure are obtained.

Figures 1, and **Figure 2** below illustrate the most representative import and export scenarios, for a loaded truck passing through the Leuseni BCP (the busiest), to the Chisinau ICP (the largest), with a T1 declaration (this type of declaration accounts for roughly 60 percent of all declarations), by type of corridors.

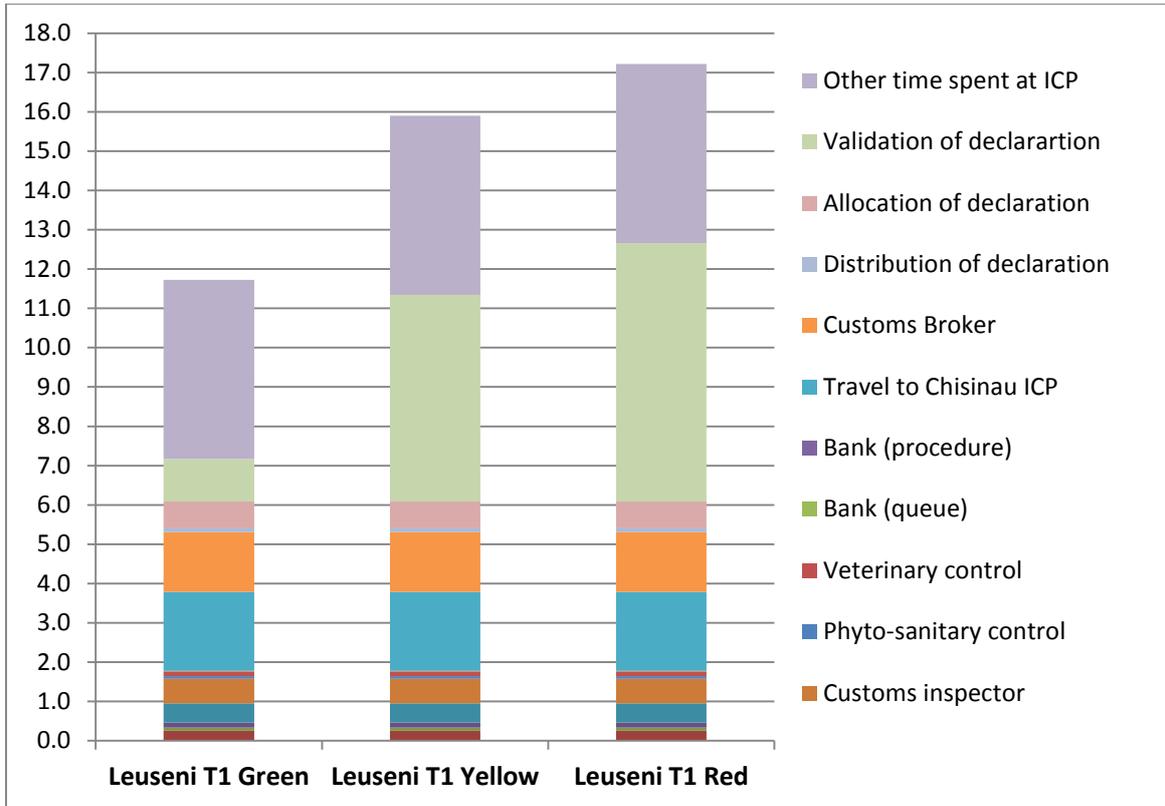


Figure 1. Time spent by a truck for importing, through Leuseni BCP, Chisinau ICP, T1 declaration and by type of corridor (hours)

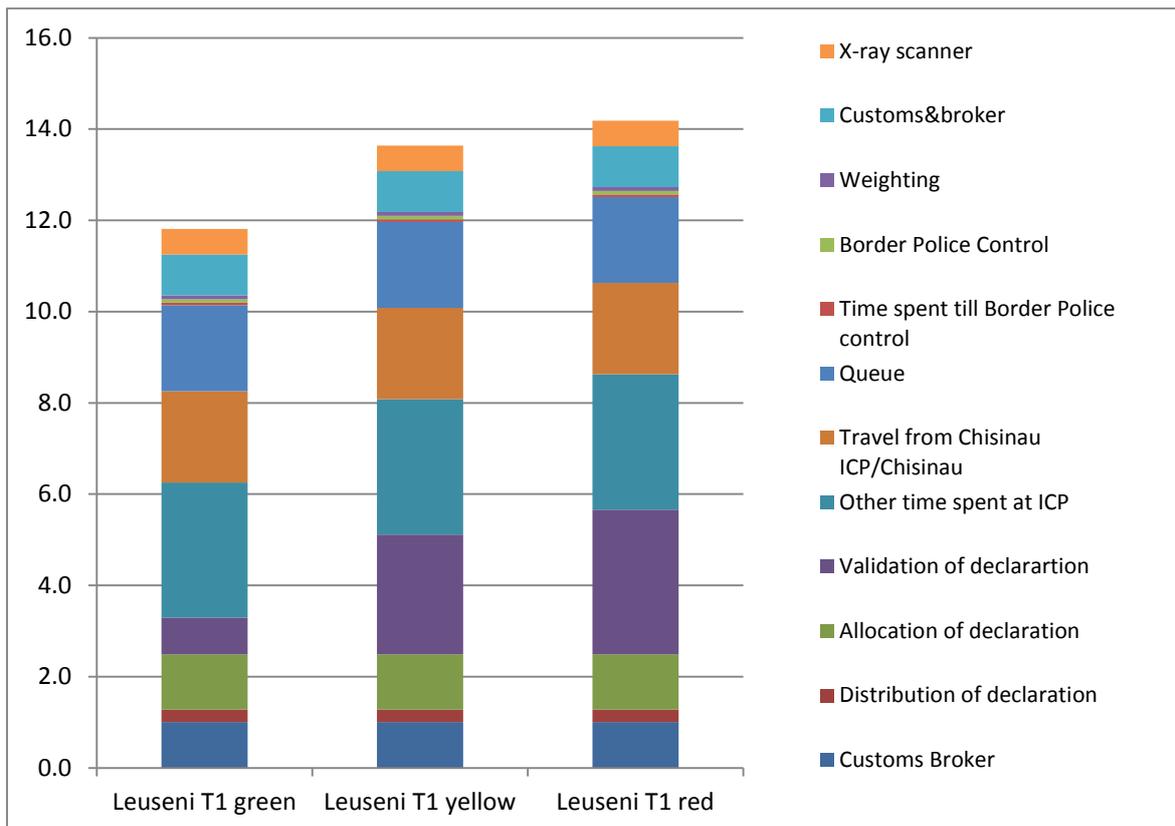


Figure 2. Time spent by a truck for exporting, through Leuseni BCP, Chisinau ICP, T1 declaration and by type of corridor (hours)

Generally, the greatest scope for optimization is among ICP procedures, with a special focus on the “validation of declaration” procedure, specifically for the yellow corridor. For import, this procedure takes about 1 hour for the green corridor, and 315 or 394 minutes for the yellow and red corridors, respectively. Whereas red corridor procedures are expected to be time consuming and more rigorous, yellow corridor procedures should take significantly less time, even according to the MCS. There is a similar picture for export, where the validation of declarations takes 48, 157, and 190 minutes for the green, yellow, and red corridors, respectively. Trucks spend an average of 3.7 hours as “other time spent at ICP”, and although such time is generally regarded as not within MCS’s control, there appears to be potential for optimization here as well, e.g. with the introduction of e-export (see below).

From a BCP perspective, the queues for entering BCPs take a significant amount of time at the Leuseni BCP (about 2 hours on average) and up to 20 minutes on average at Sculeni and Tudora, while at Otaci there are virtually no queues.

b) Simplified Procedures Survey

To determine the level of satisfaction with simplified clearance procedures introduced last year for selected traders, MCS asked BRITE to help conduct a survey of the beneficiary companies. BRITE and MCS developed a questionnaire and organized a survey and post-survey focus group to evaluate the beneficiaries’ feedback to such facilities. The survey was finalized in December 2013, and the focus group in January 2014. The survey consisted of 25 questions, and BRITE received answers from only 17 of the 64 beneficiaries. The focus group consisted of 6 of the 17 respondents.

Generally, the vast majority of the participants responded positively to the facilities, with 82 percent being very satisfied with the procedures, and 76 percent finding them as comfortable or very comfortable. At the same time, most of the respondents are interested in continuing the reforms, with 88 percent mentioning the introduction of on-line applications with digital signatures, and 94 percent calling for the introduction of additional, European standard level facilities. Participants have expressed particular interest in electronic certificates of origin, periodic clearance, and clearance with deferred payment of import duties.

Both the survey and the focus-group have revealed areas for improvement, specifically:

- Introduce clear reporting conditions for lack of outstanding state debt requirements, as these are a prerequisite for being a beneficiary of simplified procedures
- Not all facilities granted under current regulations are actually functioning, such as: separate lanes, customs consultations, customs clearance at any customs post, and full electronic clearance
- Communication from the Moldova Customs Service could be improved via more frequent updates of the MCS web-site, working mailing notifications regarding updates to existing procedures

More detailed results of the survey are included in Annex B.

1.2.2 Support legal and regulatory reform for Customs.

BRITE was engaged in several legal drafting efforts this quarter related to trade facilitation.

a) The cross-border trade law package

The package of trade facilitation measures that was prepared in the previous project year (“cross-border trade law”) has proven highly controversial in some respects. Some comments from the European Union border Assistance Mission to Moldova and Ukraine (EUBAM) about the lack of full compliance of some provisions of the draft amendments to EU rules emboldened the MCS and the MoF to object to the entire draft. Though we understood in separate conversations with EUBAM that they were in agreement with much of the draft, attempts to reach a compromise with all parties were unsuccessful. The MoF even officially refused to participate in a special working group established by the MoE for that purpose. The MoE then appealed to the Prime Minister who instructed all parties to convene and resolve the issue, but the MoF again refused to participate. At this stage, BRITE will work with the MCS to promote several key provisions/reforms individually in hopes of gaining their support.

b) The New Computerized Transit System (NCTS).

BRITE this quarter continued its participation in the working group tasked with developing the legal requirements to implement the New Computerized Transit System (NCTS), the transit system in use in the European Union. The first draft of amendments to primary legislation was completed and the secondary legislation was started. Some questions remain as to what extent the EU rules need to be applied in Moldova, in whole or in part. BRITE is working with EUBAM and Nigel Moore to reach consensus and one member of the MCS working group attended an NCTS event in Brussels at the end of the quarter that should help complete the final drafts. However, full implementation will still take many months and will depend on the pace of IT support from UNCTAD.

1.2.3 Support implementation of adopted reforms.

The Tax and Customs Policy for 2014 was approved on January 1, and included several provisions that BRITE helped to develop either through drafting, amending, or RIAs.

a) Approved exporters may now import their raw materials duty and tax free if their finished products are exported within 180 days.

BRITE participated in the working group developing the implementing regulations for this new provision. Full implementation, however, has been delayed by the MoE’s failure to approve a list of companies eligible for the benefit. So far, eight companies have applied and none have been approved. Furthermore, the MCS has not determined how these imports will be treated on the declaration. BRITE hopes these issues are resolved soon, since this measure will greatly facilitate exports and also provides a precedent for deferring the payment of duties and VAT (an earlier recommendation of BRITE), which the MoF has thus far refused to accept.

b) Imported machinery and similar equipment for manufacturers, if included in the charter capital of the enterprise, may be excluded from customs duty and VAT.

This reinstates a facilitation measure that existed prior to January 2013. This new provision, however, limits the benefit to only productive assets or manufacturers. BRITE provided a number of recommendations to clarify the application of the benefit and to ease the declaration and import process in order to benefit investors while ensuring legitimate revenue collection. This measure has the potential to improve the investment climate in Moldova, and BRITE will monitor its usage over time and measure the value of imported capital investments.

1.2.4 Rationalize the list of permissive documents required for export.

The work to inventory and rationalize the number of permits required to export certain types of goods continued this quarter. BRITE's short-term Customs Advisor Sylvia Vilcu completed the first draft of the inventory, legal amendments and RIA and presented them for internal discussion. The inventory includes the 13 types of permits and the goods to which they apply according to the HS nomenclature of goods aligned to the 2012 Tariff classifications. This is in an Excel spreadsheet that later can be adapted as an online database.

BRITE is now analyzing the inventory to identify additional streamlining measures. This could involve eliminating some permits and/or the numbers of goods to which they apply. The final proposals will, to the extent possible, be included in the package of other permit reforms being addressed under Component 2 (see below).

1.2.5 Implement electronic clearance procedures (Single Electronic Window).

BRITE and the MCS working group on implementation of e-Customs and Single Window continued its work this quarter. The importance of this was highlighted in the reports of Nigel Moore who stressed the need to move to a paperless environment as quickly as possible, particularly for "green lane" shipments.

a) Electronic Export

Full implementation of E-export began on March 1, 2014, which means it is now available to exporters at all customs posts. This procedure allows exporters to enter all declaration information electronically into ASYCUDA from their premises or those of their broker, and to receive confirmation electronically within one hour, assuming they have an electronic signature, which all brokers have. They may then proceed directly to the border where they are notified of their corridor (green, yellow, or, red) and cleared accordingly. BRITE and the MCS are now preparing material for a series of public outreach events that will help inform exporters and expand the use of electronic submissions. The first event is planned in Chisinau in early April. The details of this work are discussed under Component 3 below.

b) Electronic Import

The draft legal amendments prepared last quarter were reviewed this quarter by parliament with a number of comments. BRITE assisted the MCS to address these comments through clarifications and revisions to the legal text. One aspect relates to the acceptance of phyto-sanitary certificates, which apparently cannot be processed exclusively in electronic form and must be allowed to be submitted in paper form. We expect the law to be approved by parliament in early April, at which time we will begin to promote the secondary legislation.

1.2.6 Support the National Customs Consultative Committee (NCCC) and engage stakeholders.

An ordinary meeting of the Committee was held on February 13 and included 18 participants. The agenda included five topics, three from the private sector and two from Customs.



From the private sector:

1. Problems applying the customs regime of temporary admission (different mechanisms)
2. New project of AmCham on facilitation of electronic commerce
3. Initiative of AmCham to study current situation on territorial competence of customs and customs terminals.

From the Customs Service

4. Discussions of latest development of ASYCUDA system
5. Information regarding the simplified customs procedures implemented by Customs Service.



Comitetul Consultativ pe lângă Serviciul Vamal

AGENDA

ședinței din 13 februarie 2014

sediuul aparatului central al Serviciului Vamal (mun. Chișinău, str. Columna 30)

Agenda	
10:00 – 10:10	Aprobarea agendei ședinței. Includerea noului membri în componența Comitetului Consultativ – <u>Colaborarea Economică Moldo-Germană</u> . <i>Programul USAID BRITE</i>
10:10 – 10:30	Realizările Comitetului Consultativ în anul 2013. <i>Programul USAID BRITE</i>
10:30 – 11:00	Inlocuirea regimului de admitere temporară cu suspendare totală de la plata drepturilor de import cu cel cu suspendare parțial. Facilitarea Comerțului Electronic (Export on-line) Competența teritorială a organelor vamale și statutul legal al terminalelor vamale. <i>Camera Americană de Comerț (AmCham)</i>
11:00 – 11:20	Realizarea Sistemului Informațional Integrat Vamal (SIIV) aprobat prin Hotărârea Guvernului Republicii Moldova nr. 561 din 18.05.2007 <i>Asociația Patronală a Brokerilor Vamali din RM</i>
11:20 – 11:45	Informație despre implementarea procedurilor simplificate și noile inițiative ale Serviciului Vamal <i>Serviciul Vamal al Republicii Moldova</i>
11:45 – 11:50	Diverse

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In addition, BRITE informed all the members that the time-limit for the Secretariat function had expired and this could be passed to any other interested member of the Committee. Nevertheless, BRITE was asked to continue this activity and to maintain the function for at least another six months.

1.2.7 Other support to public and private sector organizations.

BRITE met several times this quarter with the Moldovan Investment and Export Promotion Organization (MIEPO) to discuss a planned follow-up to last year's Exporters Conference. MIEPO has tentatively scheduled this event for June and has asked for BRITE support, which we have agreed to provide. We are now trying to shape the agenda to address issues of interest to exporters, i.e. E-export, certificates of origin, and streamlining export permits.

The new WTO Agreement on Trade Facilitation (TFA) adopted during the WTO Ministerial in Bali in December 2013 is now binding on all members and will require developing countries to assess their level of compliance to the Agreement, commit to a schedule to achieve full compliance, and, if necessary, request assistance from the WTO in order to meet their commitments. Moldova has already requested assistance from the WTO to complete its self-assessment and this quarter USAID/BRITE offered to support this effort. BRITE's approach is to complete pre-assessment in order to prepare all stakeholders for the formal assessment process that usually requires a 3-5 day workshop to complete the full submission. This is planned for June, but may be postponed due to an ongoing WTO Trade Policy Review.

B. Component 2: Other High-Impact Reform Activities

B1. Intermediate Result 2.1: Improvement of the regulatory framework in selected Doing Business areas

2.1.1 Protecting Investors.

As mentioned last quarter, BRITE's proposed amendments to the law On Joint Stock Companies was delayed due to an alternative draft of amendments introduced by the National Commission on Financial Markets (NCFM). This quarter, BRITE and its short term legal advisor Alexandru Savva worked to bridge this gap and develop a unified draft that retained BRITE's original reforms. The NCFM was concerned about limits on its scope of authority, but after a number of joint meetings between BRITE, NCFM, and the MoE, a compromise position was reached. AmCham also played an important role in advocating for certain changes and was instrumental in ensuring their opinions were considered and openly discussed. The draft is now being considered by the National Working Group (NWG), the Ministry of Justice, and the Anticorruption Council, before being considered by the government and then presented to parliament. We expect the package to be approved in the coming quarter. From a practical standpoint, these amendments will help joint stock companies, as a legal form of entrepreneurship become more attractive as it will have fewer constraints on its activity and provide an efficient regulatory framework in terms of trading with related parties, transparency, and the responsibility of managers. Also, minority shareholders will be more protected, as there will be less opportunity for fraud on the part of the majority shareholders.

2.1.2 Trading Across Borders and Paying Taxes.

See Component 1 above. The introduction of E-export should, once fully implemented, lower the time and cost to export and should be reflected in the Doing Business ranking.

2.1.3 Starting a Business.

Several initiatives from the MoE and IFC to streamline registration were approved this quarter, namely eliminating the minimum capital requirement of 5400 MDL, and the mandatory issuance of the stamp.

2.1.4 Other priority areas.

None this quarter.

B2. Intermediate Result 2.2: Reduce administrative burden and compliance costs for businesses by streamlining regulatory processes and government services, in cooperation with main stakeholders, including the MoE and E-Government Center.

2.2.1. Support the Licensing Chamber in issuing more licenses on-line.

This activity is closely linked with the work on reducing and streamlining the number of permits, including licenses (below), and those issued at the local level. In addition to moving the issuance of more licenses under the Licensing Chamber some permits may also be issued by the Chamber. At this stage in the analysis it is unlikely that all licenses will be issued by the Licensing Chamber. Some, such as banking, telecommunications, mining, etc. are highly specific and should remain with the issuing agency. During this period BRITE began preparing an amendment to licensing regulations with the following objectives:

1. Eliminate unnecessary licenses and streamline the licensing procedures.
2. Establish better regulation, which will optimize the requirements to initiate and carry out the business activities in different areas.
3. Improve the mechanism of issuance of licenses and supervision by the Licensing Chamber.
4. Investigate the opportunity of adding more licenses and permits to the web-portal that allows on-line application.

This work should be viewed in conjunction with 2.2.2 and 2.2.3. This way, there is a single and coherent policy on permits for conducting business activities, regardless of the sphere of activity and the regulating agency (national or local).

2.2.2 In cooperation with the MoE, reduce the number of permits for business activity.

This activity advanced significantly this quarter with BRITE's legal advisor reviewing over 70 legal acts and other documents related to permits and licenses. This exercise revealed a number of gaps and weaknesses in the laws, and the links between licenses and permits. It also revealed that a number of permits are indeed outside Law #160 that is supposed to contain the exhaustive list of all permits. Based on the experience with previous Guillotine efforts, it will likely prove difficult to eliminate some licenses and permits. These often are linked directly with the state public budget or the budget of the issuing agency. However, in such cases there are other possibilities, such as reducing the cases when companies are required to obtain licenses and permits for an activity, extending the term of validity of

permits and licenses, and simplifying the conditions for their issuance. BRITE has prepared initial recommendations and started drafting the necessary legal amendments, which will be presented to the MoE early in the coming quarter.

2.2.3. Streamlining the issuance of authorizations for businesses with USAID/LGSP.

As mentioned last quarter, the USAID Local Government Support Project (LGSP) was unable to agree with the municipality of Ungheni to establish its concept of the OSS/CISC in the mayoralty. As such, LGSP is seeking to work with other municipalities and is supported by the State Chancellery. BRITE, on the other hand, has agreed to work with the MoE to introduce a one-stop-shop (OSS) for trade and construction permits in Chisinau initially, and then replicate this model in other cities as needed. The OSS for trade and construction permits can also be applied by the LGSP CISC model, since the former is a back-office function that can be adopted in any front-office setting.

BRITE's approach, however, is to use the opportunity to further streamline the process of issuing these permits before automating the process through a OSS mechanism. This quarter, we elaborated a new approach for issuing trade authorizations that moves away from pre-authorization control to post-authorization controls based on risk. This is consistent with the requirements of the new law On Inspections, which requires only risk-based inspections by controlling bodies. By providing businesses with the information upfront on the compliance requirements of various agencies, like sanitary, labor etc., and only checking for compliance after the business has started, could reduce the issuance time from at least 70 days (officially) to 7 days. The MoE has supported this concept and has presented it to other stakeholders for comment. BRITE met separately with the National Food Safety Agency (ANSA) to discuss the proposals and to get their consent but met with some opposition. As of the end of the quarter, all legal amendments had been prepared and submitted to the MoE. This coming quarter, BRITE will work with all interested parties to develop a final package of amendments the government can approve and then shift its attention to streamlining construction permits. Some amendments to the law On Construction are still pending in parliament and will determine, once approved, the extent to which this process can be streamlined further.

2.2.4 Consolidate and streamline business reporting requirements.

These activities will begin this coming quarter.

2.2.5 Support CNAS to develop medical e-certificates to reduce reporting burdens on businesses and reduce fraud.

The certificate of medical leave represents a strict evidence document (numbered and controlled) issued by a doctor or hospital to an employed person or a registered unemployed person that confirms an incapacity to work. Currently, the medical certificates are of no use for the national health system. Their only purpose is to allow the employer to calculate payments for medical leave, to pay the employee, and then to get reimbursed or otherwise compensated by CNAS.

As regards the certificates of medical leave, the employers are responsible for the following:

- Registering and stocking the medical certificates.

- Calculating the medical benefits.
- Reporting to CNAS the amounts paid.
- Netting these amounts from current contributions to CNAS, or receiving reimbursements from CNAS should the amounts paid exceed current period contributions.

In addition, CNAS may take the following actions:

- Organize inspections and verify if the employer has correctly calculated the benefits.
- Fine the employers if any errors are identified in the process of calculating the benefits.

CNAS recognizes that this is a burden on businesses and on its own staff, and that the system creates incentives for fraud and overpayments from the budget. For that reason, they requested BRITE's assistance in studying the possibility of introducing an electronic medical certificate and a system to automatically calculate payments/benefits. CNAS staff was introduced to a similar system during a study visit to Lithuania.

Based on BRITE's initial assessment, this system would require investment in IT upgrades and systems to include all certificates issued today, which last year totaled nearly 300,000. The challenge is that the current practices of family doctors and hospitals, the issuers of certificates, are different and patients can often move between the two. At the same time, employers are required by law to pay medical benefits for the first 5 days of a medical absence, but no more than 15 days each year. The remainder is the responsibility of CNAS. It is unclear as yet how much of a burden can actually be eliminated by introducing electronic certificates, and at what cost, beyond the new IT solution, since it will also require additional infrastructure for hospitals and doctors (computers), new work processes to be introduced, and training, all of which would be outside BRITE's manageable interest. This assessment will be completed early in the coming quarter.

B3. Intermediate Result 2.3: Institutionalize good regulatory practice through capacity building and improved public-private dialogue

2.3.1 Strengthen the capacity of the National Working Group to serve as the main public-private dialogue (PPD) forum on business environment improvement.

BRITE this quarter vetted its ideas on improving the functioning of the NWG with several NWG members, the MoE, and the consultants from the RIA Secretariat in hopes of reaching consensus. These included ideas on new membership rules, rotating chairmanship, a new venue outside of the government, and new IT systems for handling document flow that would facilitate better preparation by members and, ultimately, better participation. While the MoE is very supportive of most of these ideas, some members of the NWG are less supportive of moves to alter the membership arrangements and the chairmanship. This might also require changes in the legislation and most would prefer to make only administrative changes. Furthermore, the MoE has so far been unable to identify a cost-effective location outside the government building. All parties did agree that an on-line portal to manage the flow and archiving of documents would be very useful (see below). BRITE will continue to pursue the administrative improvements with the MoE management, and will seek the support of its subcontractor, the Business Research Company (BRC), which is implementing improvements in the RIA methodology and developing the RIA portal.

2.3.2 Build capacity of public institutions to develop higher quality RIAs.

The Government of Moldova's Regulatory Reform Strategy (RRS) for 2013-2020 and the corresponding Action Plan, were approved by Government Decision nr. 1021 on December 16, 2013. A central part of this strategy and action plan is improving the quality of government regulation by enhancing the rule-making and review process, the methodology for regulatory impact assessments (RIA), and the skills of legal drafters to prepare such assessments through formalized training. The Action Plan contains the following specific actions:

Action 10: Review and improve the legal framework regulating the RIA process and methodology and develop a RIA manual.

Action 11: Develop and implement binding rules on permanent monitoring of the efficiency of regulatory activities.

Action 12: Develop a training module "Principles of Good Regulation and RIA" and include it into the curricula of the Academy of Public Administration.

Action 13: Develop and maintain the RIA portal in collaboration with the National Working Group, private sector and main education institutions.

BRITE agreed to support the MoE in completing these tasks, and this quarter we finalized a competitive tender to select a local subcontractor to carry out the work. The successful Offeror was the Business Research Company, which has considerable experience in all aspects of RIA – methodology, application, and training. The work is underway and should be completed in full by early August with the launch of the RIA portal. Separately, BRITE concluded a Memorandum of Understanding with the APA whereby the Academy agrees to work closely with BRC and provide it access to all its training material and trainers.

Summary of Activities of the RIA Secretariat

	Oleg Chelaru	Nicolae Botan	Lilia Dabija	Total
Normative acts examined	4	6	12	22
Normative acts with positive opinion	3	0	8	11
Normative acts accepted by NWG	2	2	7	11
RIAs examined	6	7	8	21
RIAs with positive opinion	5	0	4	9
RIAs accepted by NWG	3	4	5	12

- LOE dedicated to NWG/BRITE/MoE

RIA Consultant	MoE	RIA	BRITE	Total
Oleg Chelaru (days LOE)	22.2	36.8	0.0	59
Nicolae Botan (days LOE)	29.5	31.6	0.9	62
Lilia Dabija (days LOE)	32.0	25.3	5.7	63
Sum (days LOE)	83.6	93.7	6.6	184
Total LOE Q2Y2 (%)	45.5%	51.0%	3.6%	100%
Total LOE Q1Y2 (%)	55%	41%	4%	100%

During the quarter, the RIA Secretariat consultants reviewed a total of 22 draft normative acts, which were presented to the NWG. The consultants provided positive opinion on half of these (11). The same number of draft acts was approved by the NWG members. The RIA consultants also examined the accompanying RIAs (21) and provided opinions. The number of positive opinions was 9, or 43 percent, and the number of RIAs accepted by the NWG was 12, or 57 percent. The number of RIAs accepted from the first reading was 6, or 29 percent.

The three consultants also examined 53 RIAs and other draft normative acts as part of their work as RIA consultants. A total of 10 different institutions presented normative acts and RIAs (excluding the work of the other two RIA consultants – Mihai Onu and Victor Ermurachi), most of these come from the Ministry of Economy, Customs Service, and Ministry of Health.

Public Institution	Oleg Chelaru	Nicolae Botan	Lilia Dabija	Total
Ministry of Economy	8	5	0	13
Ministry of Health	4	1	4	9
Customs Service	0	0	9	9
Ministry of Labor	0	5	0	5
Ministry of Transportation	4	0	0	4
Ministry of Finance	0	0	3	3
Parliament	1	1	1	3
CNPF	1	0	2	3
Ministry of ICT	1	2	0	3
ANRECETI	0	1	0	1
Total	19	15	19	53

C. Component 3: Strategic Communications

C1. Intermediate Result 3.1: Increased Awareness and Understanding of Business Climate Reform, Progress Achieved to Date, and New Reform Initiatives

3.1.1 Support Implementation of communications strategy and action plan at the State Tax Service.

BRITE is continuing its support to the communications efforts of the STS by attending weekly meetings of the Communications Committee, and providing guidance on major communications issues. During this reporting period there were major changes made in the organizational structure of the STS, which included a new “communications unit” with the aim of consolidating and managing all communication-related issues of the institution. This is a very positive development and BRITE will collaborate very closely with this new unit to build its capacity and monitor the implementation of the action plan for communications. Staff of the new unit will also require some additional training from BRITE.

- a) *Develop automated communications between the State Tax Service and taxpayers*

BRITE facilitated meetings between the STS and E-Gov on the M-Notify system that is designed to send notifications on a governmental platform. E-Gov and STS will unify their databases so that notifications from the STS can be sent out to taxpayers through the M-Notify system. Furthermore, the BRITE tax expert and communications advisor developed a list of 18 information needs that was presented to the STS. Based on this list, the STS together with FiscServInform will develop specialized software. Given the sensitive information to be handled, BRITE will provide support in writing and conceptualizing the messages targeted at taxpayers. For this purpose, and in order to ensure accurate and plain language of the information materials, BRITE will provide a special training for the legal and methodological departments of the STS tasked with drafting these kind of notifications and to conceptualize the monthly newsletter.

b) Develop brand book for the State Tax Service

After long meetings, discussions and debates, the Communications Committee managed to find consensus and the logo of the STS was designed in accordance with heraldic rules and was finally approved by the head of the MSTI. Thus, it will use Moldovan state symbols and in order to ensure the transition between all other materials and communications platforms (such as website, promotional materials, etc.) it was decided to keep blue as its main color. In April the logo has to be approved by the State Heraldic Committee. Once approved, the STS brand book will be developed.



Logo of the State Tax Service

c) Communications Plan for the Current Account.

In late March, the STS with the support of BRITE launched the Online Taxpayer Current Account. It was a high-profile event, widely covered by mass media (see below), and was attended by the US Ambassador, William H. Moser, Minister of Finance, Anatol Arapu, Head of the MSTI, Ion Prisacaru, USAID senior management, and mass media. This event was preceded by a number of preparatory activities that laid the groundwork for the launch and for ensuring widespread usage and understanding, namely:

- video training on the Current Account that is published on the official STS YouTube channel and servicii.fisc.md.
- 10 minute introductory video on the new system.
- video tutorials with screen recordings from the system, containing examples from reports, and references to the legislation and the fiscal code, that provides detailed explanations to taxpayers.
- notification letter sent to all taxpayers on the launch date.
- promotional posters and flyers distributed among territorial State Tax Inspectorates and business associations.

Some of these promotional materials are presented in Annex C.

In the coming quarter BRITE plans to organize a series of meetings targeting business associations such as AmCham, **ACAP**, the European Business Association (EBA), and **Ecofin**, as well as regional presentations aimed at increasing awareness among taxpayers about the electronic services provided by the STS, which are designed to increase transparency, efficiency and reduce corruption.

The press conference to launch the Current Account was attended by more than 20 journalists, and news clippings, articles and live transmissions appeared on TV, Radio, internet portals, and in newspapers. A live broadcast screening session was carried out by privesc.eu and television stations, such as Moldova 1, [Euro TV](http://EuroTV), [Jurnal TV](http://JurnalTV), Prime, [Publika TV](http://PublikaTV), ProTV, and TV7 announced the new electronic service on their news bulletins and on their websites. Maria Trifan, the Radio Moldova correspondent had a live broadcast on national radio during the event. Agora, the economic website published several stories about the launch of the service and about the advantages that it brings, including a broad story accompanied with the [video seminar](#) prepared by the project together with STS explaining the steps for using the Current Account. Other news portals announced the launch of the electronic service, such as Unimedia, Tribuna.md, Bani.md, Hotnews.md, abcnews.md, Curentul.md, and moldovaorg.md. Newspapers such as the Economist, Logos Press, and Ziarul National also published articles about launching the current account. STS specialists, Vitalie Ciumacenco and Natalia Plamadela, gave interviews for local newspapers and specialized magazines which will appear next month. The story has been sent to the State Chancellery for the InfoGOV electronic bulletin that will appear in late April. The E-Governance Center was asked to support the promotion of the Current Account along with the e-fiscal invoice.

3.1.2 Support implementation of communications strategy and action plan at the Moldova Customs Service.

Communications materials to promote electronic export service were produced by BRITE together with Customs Service. In order to better inform exporters, the materials were placed on the customs.gov.md website in a special reserved heading – “ecustoms”, as well as distributed among beneficiaries of this new e-service. The web section contains a promotional video animation, info-

Fiscul a lansat un nou serviciu electronic pentru contribuabili

Contribuabilii vor putea să acceseze on-line informațiile ce țin de obligațiile lor fiscale. Și aceasta datorită unui nou serviciu electronic lansat de Serviciul Fiscal de Stat – „Contul Curent al Contribuabilului”. Prezentarea serviciului a avut loc luni, 31 martie, în prezența ambasadorului SUA la Chișinău, William H. Moser și ministrul Finanțelor, Anatol Arapu.

■ Mariana ȘALAMAC

Asum contribuabilii își pot verifica informațiile privind raportul cu Bugetul Public Național, accesând serviciul electronic „Contul curent al contribuabilului”, disponibil gratuit pe site-ul serviciului fiscal. Instrumentul electronic permite accesul la informația fiscală privind impozitele achitate, restanțele, calcularea penalităților, dar și alte aspecte privind relațiile contribuabililor cu bugetul public național. Tinerii secesă prin internet, doar cu semnătura electronică de autentificare – de acasă, de la birou, de peste hotare și la orice oră!

Avantaj și comoditate: Serviciul este disponibil atât pentru persoane fizice, cât și pentru cele juridice, care dețin semnătura de autentificare fiscală. El mai poate fi accesat după semnarea acordului de conectare la serviciile electronice fiscale la unul din oficiile I.S. „Fiscu-

vinform” din Chișinău, Bălți sau Comrat.

Unul dintre cele mai importante beneficii este că serviciul oferă informații pe diferite categorii bugetare, pentru diferite subdiviziuni ale companiilor, precum și informații privind soldurile istorice și decontarea calculului majorării de întârziere. Astfel, contribuabilii vor putea vedea datele accesibile până acum doar inspectorilor fiscali.

Alte avantaje pe care le vor avea contribuabilii țin de economisirea timpului, reducerea costurilor, asigurarea securității datelor cu caracter personal. Pentru Șeful Inspectoratului Fiscal Principal de Stat, Ion Prîsăcaru, „va dispărea necesitatea de a veni la Fisc pentru a ridica certificatul privind restanțele la buget. Acesta va fi accesibil tuturor instituțiilor de stat conectate la serviciile electronice a Fiscalului. Scopul nostru este de a economisi timpul contribuabililor, de



a diminua cheltuielile și de a garanta securitatea datelor cu caracter personal”, a specificat șeful Fiscalului.

Totodată, opțiunea va permite reducerea corupției din sistem. Pentru ambasadorul SUA în Moldova, „asemenea serviciu electronic sporește gradul de transparență și reduce oportunitățile de corupere în cadrul serviciilor fiscale. Lansarea serviciului va îmbunătăți climatul de afaceri din Moldova” a spus Moser.

Și ministrul Finanțelor, Anatol Arapu, a salutat pașeră în practică a unor astfel de servicii electronice și și-a exprimat dorința ca cei mai buni și cei mai mari contribuabili, de rând cu cei mai răi plătitori, să fie ghidați la concepția opiniei publice.

Serviciul a fost lansat cu suportul USAID

Șeful IPFS, Ion Prîsăcaru, a precizat că s-a lucrat foarte mult la

elaborarea acestui produs informațional, iar lansarea lui a fost posibilă grație sprijinului financiar acordat de Agenția Statelor Unite ale Americii pentru Dezvoltare Internațională (USAID), prin Programul de Cooperare, Investiții și Reglementare a Activității de Intermedieri (BRITE). BRITE acordă o importanță deosebită realizării și promovării serviciilor electronice care vizează creșterea transparenței în instituțiile de stat, să îmbunătățească administrația fiscală și, totodată, să reducă costul afacerii în Republica Moldova. Costurile de implementare sunt estimate la 65 mil de dolari. Alte aproape șase milioane de dolari au fost alocate de Serviciul Fiscal.

În acest context, ambasadorul Statelor Unite în Republica Moldova, a spus că este mândru că USAID a contribuit la lansarea acestui serviciu important pentru țara noastră. Pentru lui, acesta va facilita implementarea agendei de e-Governance și va ameliora mediul de afaceri. De asemenea, vor fi eliminate riscurile în ce privește comiterea actelor de corupție, iar cetățenii vor beneficia de informații care până în prezent erau disponibile doar inspectorilor fiscali.”

Prețuim că accesul contribuabililor la acest serviciu se asigură de către administrația tehnico-tehnică al sistemului informațional al Fiscalului - I.S. „Fiscuvinform”.

În perspectivă, Serviciul Fiscal de Stat va semna cu alte instituții de stat acorduri de oferire a accesului la unele date din contul curent. Astfel, serviciul va fi accesibil și pentru autoritățile publice, iar agenții economici nu vor mai fi nevoiți să justifice lipsa sau existența restanțelor față de buget, deoarece autoritățile publice vor avea acces on-line la această informație.



Video animation on e-customs

graphical materials about steps and advantages of the electronic service, forecasts of the procedure, and FAQ: www.customs.gov.md/ecustoms

It was also agreed, that in order to increase awareness among the target group on the ease of using electronic services offered by the Customs Service, that it is necessary to conduct a number of informational/promotional events. Thus, together with MCS, BRITE made a number of preparations for these activities that will be carried out in April and May of the coming quarter, namely a roundtable for exporters in Chisinau, regional meetings with local large exporting companies and business associations to be held in seven Customs Houses across the country, and a media campaign that includes television, radio, newspapers, and web banners.

3.1.3 Support implementation of communications strategy and action plan of the Regulatory Reform Strategy (RRS).

a) Training for RRS communicators



Lisa Gihring opening the training for communicators.

As it was previously reported, BRITE's communications advisor Lisa Gihring conducted a two-day training program for the RRS Communicators Working Group to build their capacities, define their roles and responsibilities, and orient them to the RRS, its objectives and implementation timeline. The goal was also to foster a sense of teamwork among the working group members and outline communications strategies for specific reform activities. There were 17 participants, all communicators from 10

state institutions such as: State Chancellery, Ministry of Finance, Ministry of ICT, Ministry of Construction and Regional Development, State Tax Service, National Bank of Moldova, National Commission for Financial Market, Ministry of Agriculture, Ministry of Economy, and the Competition Council.

The training was very well received by the working group members, and was regarded as a needed and well-timed event. Nevertheless, communicators imparted their apprehensions about technical implementation of the RRS communication strategy, as it seems there was poor coordination and distribution of responsibility among different parties involved. In the absence of real and significant progress on the RRS itself, communications about the reform efforts will be ineffective at best, and may actually do harm by raising unrealistic expectations. In fact, the RRS communicators working group meeting, scheduled for late March, did not take place, confirming the above mentioned concerns.

Partly due to this fact as well as inaction on the part of the MoE since the training, BRITE has decided it is no longer useful or cost-effective to provide ongoing support to the working group through an outside advisor, and will instead focus its efforts on communications activities and tools related directly to BRITE-supported efforts, e.g. the RIA methodology and training, permit reform, and an OSS for trade and construction permits. This was communicated to the MoE. As of end of the March, BRITE concluded its agreement with the short-term communications expert assigned to the MoE and the RRS working group.

b) *RRS Web section on the Ministry of Economy website (www.mec.gov.md)*

In February a new version of the Ministry of Economy website was launched. The new platform contains a section on the Regulatory Reform Strategy with objectives, actions, and expected results: <http://mec.gov.md/ro/content/reglementarea-activitatii-de-intreprinzator>.

3.1.4 Increase accountability for government by civil society and media

To increase the amount of high-quality, in-depth coverage on issues related to the project's focus areas and to increase accountability within the government for the implementation of the reform agenda, BRITE is contemplating launching a media-partnering program. This quarter, we began researching the media landscape and meeting with think tanks and other NGOs to determine the best strategy for partnering with journalists and media to cover economic development and business environment issues in an in-depth, balanced, and persuasive manner. The approach may include working directly with a media company with the required skills and coverage or with a local organization with the knowledge and skills in the subject matter that can then work with the appropriate journalists and media outlets to reach the target audiences. In either case, the goal will be to build capacity among journalists and media for high quality coverage of issues within BRITE's focus areas. We hope to finalize the concept and issue an RFP in April.

C2. Project Communications Activities

BRITE's website was updated with stories about the launch of the Taxpayer Current Account service and other events that took place during the reporting period. A web banner linking to the Current Account on the servicii.fisc.md was developed and placed on the brite.md website. The project's Facebook page hit 434 likes in March, in response to status posts about the Current Account – press, conference, poster, video training, and cover picture, and sharing of other interesting information for target audiences.

D. Other Program Activities

None this quarter.

SECTION II: OPERATIONS AND ADMINISTRATION

To better address the evolving needs of the project, BRITE made several personnel changes this quarter.

1. Mr. Eugen Platita has joined BRITE as a part-time ICT specialist to advise us on our ongoing and planned e-government initiatives, such as enhancements to the Current Account, one-stop-shops, E-Customs, RIA portal, Local Acts portal, and others. Mr. Platita has extensive experience in developing, evaluating, and implementing ICT projects and will help us better integrate ICT into all our project components and activities, and deliver high quality, and cost-effective solutions.
2. Mr. Alexandru Savva has joined the project as a full-time Legal Advisor, having previously been our short-term regulatory advisor. Mr. Savva has proven himself to be a highly competent and effective lawyer, who on a full-time basis will be able to

handle the increasing amount of legal review and drafting required, and to support all project components.

3. Ms. Anastasia Taburceanu will join the project in April as a Strategic Communications Specialist filling in for Olesea Galusca during her maternity leave. Ms. Taburceanu is currently the communications advisor to the Minister of Education and has a strong background in media, journalism and public relations.

SECTION III: PREVIEW OF UPCOMING QUARTER

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

Component 1: Tax Administration

- Regional events with STS to build awareness of the Current Account
- Identify and implement the next stage of enhancements and functionalities for the Current Account software
- Begin implementation of the e-certification mechanism
- Roundtable with IMF, the STS, and the private sector on the STS development plans and perspectives

Component 1: Trade Facilitation

- Complete first stage of proposals to streamline export permits
- Finalize secondary legislation for E-Import; begin implementation
- Begin implementation of Blue Lane processing in ASYCUDA
- Regional events with Customs and Chamber of Commerce to promote E-Customs and other facilitation measures
- Consultative Committee scheduled for June
- Self-assessment for WTO Bali Agreement

Component 2: Other High-Impact Reform Activities

- Finish the feasibility study on elaborating electronic certificates of medical leave
- Meet with NBS, the STS, FiscServInform, and E-Government Center to discuss a new concept of business reporting
- Submit final package of amendments for permit and license reform
- Adoption of the amendments to the Law on Joint Stock Companies; ensure broad coverage and acceptance by World Bank respondents
- RIA Methodology and RIA training course materials at the APA updated, RIA Manual elaborated and draft RIA portal in place
- Amendments to the current regulation promoted to implement the new RIA Methodology
- Submit final package of amendments for streamlining issuance of trade authorizations; advocate for adoption

Component 3: Strategic Communications

- Round table on e-customs clearance of goods at export

- Presentation of the e-customs promotional materials to exporters and business associations
- Video and other communications materials on e-customs distributed among beneficiaries
- 7 regional events on e-customs + media campaign
- Current Account regional presentations + media campaign
- Development of the STS brand book; final approval of the STS logo by the Heraldic Committee
- Media relations training for STS communications
- II Moldovan Export Forum, organized by the Ministry of Economy of the Republic of Moldova, Moldovan Investment and Export Promotion Organization (MIEPO), and supported by BRITE
- Partnership with business associations aimed at improving the quality of media coverage of economic issues

Annex A: Progress toward the Performance Monitoring and Evaluation Plan

Nr.	Indicator	Unit	Disaggregation	Data Source	Frequency	Baseline	Results			Targets				Comments
							Y1	Q1Y2	Q2Y2	Y2 target	Y3 target	Y4 target	Life of project	
BRITE Program Objective: Identify and Implement Business Environment Reforms Through Increased Public Private Dialogue and Improved Institutional Capacity														
1	Percent improvement in raw values of the indicators underlying BRITE-related areas of the World Bank Doing Business rankings	%	Doing Business Area	World Bank Doing Business Report	Annually		4.4	-	-	7	7	7	20	Updated annually
2	Monetized benefit of BRITE-sponsored reforms to the private sector	mln. USD	Component	Project records, based on Standard Cost Model methodology	Quarterly	0	0.45	0	1.08	19.5	40	40	100	The monetized impact of the e-Export procedure to the private sector could be estimated for Q2Y2. Data for monetizing other reforms incomplete as of right now, further requests pending.
3	Monetized benefit of BRITE-sponsored reforms to the public sector	mln. USD	Component	Project records, based on Standard Cost Model methodology	Quarterly	0	0.09	0	0	20	40	40	100	Incomplete data for monetizing public sector benefits, further requests pending.
4	Number of activities and initiatives, supported by BRITE, and involving the participation of businesses in PPD	area	Component	Project records	Quarterly	0	10	1	1	15	15	15	55	One Customs Service Consultative Committee was organized. 6 topics were proposed by private sector and all 6 were accepted by Customs Service
5	Percent of private sector representatives that consider having benefited from reforms implemented with BRITE	%	Gender, region	Survey of private sector	Semi-annually	0	47.4	-	-	5	15	25	25	About half of surveyed businesses considered they benefited from at least one reform implemented with BRITE support.

Nr.	Indicator	Unit	Disaggregation	Data Source	Frequency	Baseline	Results			Targets				Comments
							Y1	Q1Y2	Q2Y2	Y2 target	Y3 target	Y4 target	Life of project	
	assistance													
6	Number of regulations and administrative procedures eliminated, streamlined or simplified with BRITE support	#	Component, PPD	Project records	Quarterly	0	12	0	5	6	6	7	31	Three procedures relate to the e-Export initiative (lodging, customs control, and authorization). Additionally: 180 days deferred payment for raw material imports, and the facilitation and exemption of taxes for equipment imported as assets.
7	Person hours of training provided by USG	#	Component	Project records	Quarterly	0	1776	335	312	750	750	750	3000	Two trainings were organized during Q2Y2.
8	Proportion of female participants in BRITE-assisted activities, initiatives and events	%	None	Project records	Quarterly	37.4	55.6	35.5	53.39	>45	>45	>45	>45	During Q2Y2 women and men were represented fairly equally in BRITE assisted activities.
Component 1 – Taxes and Trade														
IR 1.1 – Improved tax administration reduces the administrative burden of paying taxes while increasing revenue collection														
9	Number of hours required to pay taxes each year	#	None	World Bank Doing Business Report	Annually	220	181	-	-	181	176	165	165	Updated annually
10	Number of tax payments businesses must pay each year	#	None	World Bank Doing Business Report	Annually	48	31	-	-	31	31	25	25	Updated annually
11	Private Sector perception index score for paying taxes	1 (very difficult) - 5 (very easy)	Gender, Region	Survey of private sector	Semi-annually	n/a	3.97	3.69	-	4.1	4.2	4.3	4.3	During 2nd semiannual survey, companies were more conservative regarding time and cost of paying taxes.
IR 1.2 – Time and cost of moving goods across borders reduced														

Nr.	Indicator	Unit	Disaggregation	Data Source	Frequency	Baseline	Results			Targets				Comments
							Y1	Q1Y2	Q2Y2	Y2 target	Y3 target	Y4 target	Life of project	
12a	Time to export	Days	None	World Bank Doing Business Report	Annually	32	32		-	25	23	18	18	Updated annually
12b	Time to import	Days	None	World Bank Doing Business Report	Annually	35	35		-	27	25	20	20	Updated annually
13a	Number of documents required to export goods across borders	#	None	World Bank Doing Business Report	Annually	7	7		-	6	6	5	5	Updated annually
13b	Number of documents required to import goods across borders	#	None	World Bank Doing Business Report	Annually	7	8		-	6	6	5	5	Updated annually
14	Moldovan Exports and Trade diversification index	1 (very low) - 5 (very high level)	None	Official Statistics	Quarterly	3.14	3.07	-	3.1	3.15	3.25	3.4	3.4	Q2Y2 Index updated with latest customs data, available as of 12/31/2013
Component 2 – Other High Impact Reforms														
IR 2.3. Institutionalize good regulatory practice through capacity building and improved public-private dialogue (PPD).														
15	Percent of RIAs approved by the National Working Group from the first reading	%	None	RIA Consultants' activity reports	Quarterly	22 (Year 1)	22	29	29	40	50	60	60	During Q2Y2, 6 out of 21 RIAs were accepted from the first reading at the National Working Group meetings
Component 3 – Strategic Communications														
IR 3.1. Increased awareness and understanding of business climate reform, progress achieved to date, and new reform initiatives.														
16	Percent of private sector representatives that are aware about the reforms implemented with BRITE assistance	%	Gender, Region	Survey of private sector	Semi-annually	0	0.4	0.9	-	10	25	40	40	Most of respondents named reforms implemented by STS. Only 11.6% could name a reform in general, and 0.9% from total mentioned a reform implemented with BRITE support.

Nr.	Indicator	Unit	Disaggregation	Data Source	Frequency	Baseline	Results			Targets				Comments
							Y1	Q1Y2	Q2Y2	Y2 target	Y3 target	Y4 target	Life of project	
17	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	Project and partners' records	Quarterly	0	43	12	18	50	50	57	200	The number of articles and stories written about BRITE activities correspond to a targeted quarterly average.
18	Percent of private sector representatives that respond positively regarding the speed and transparency in the activity of public institutions receiving BRITE assistance.	%	Public institution	Survey of private sector	Semi-annually	0	30.2	-	-	40	50	60	60	The value for Y1 is 30.2%, i.e. 35.5% of private sector consider the speed of response as good or very good and 24.5% of them consider the public institutions as highly transparent

Annex B

SURVEY OF BENEFICIARIES OF SIMPLIFIED CLEARANCE PROCEDURES

Figure 1 and **Figure 2** below summarize participants' attitudes towards the requirements for simplified procedures beneficiaries (low risk operator and home based clearance, respectively)

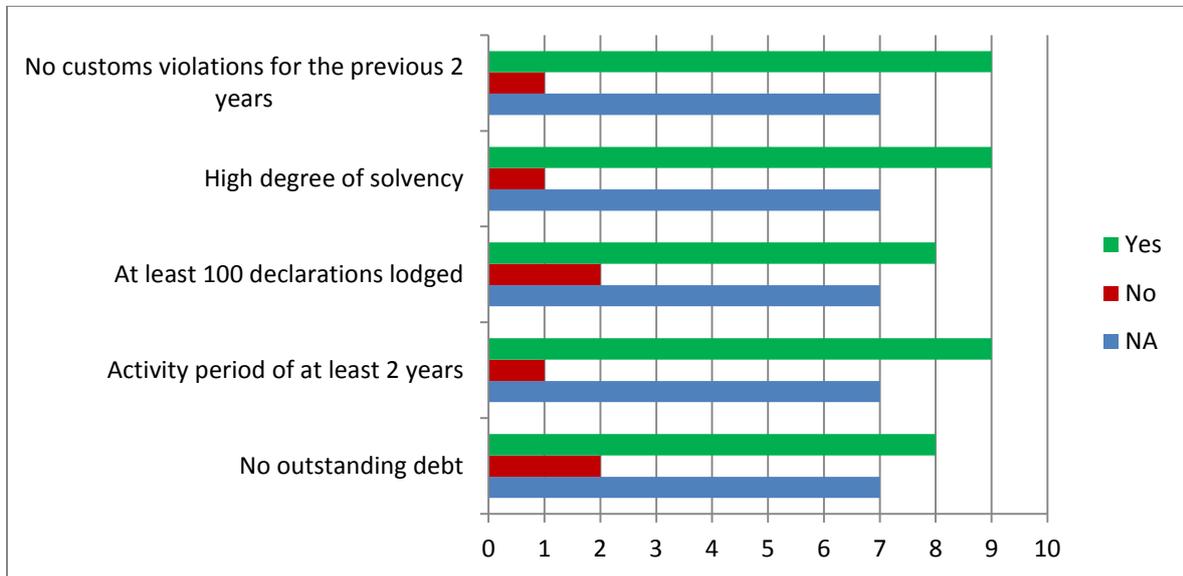


Figure 1. Respondent's attitudes to the requirements for low risk operator status

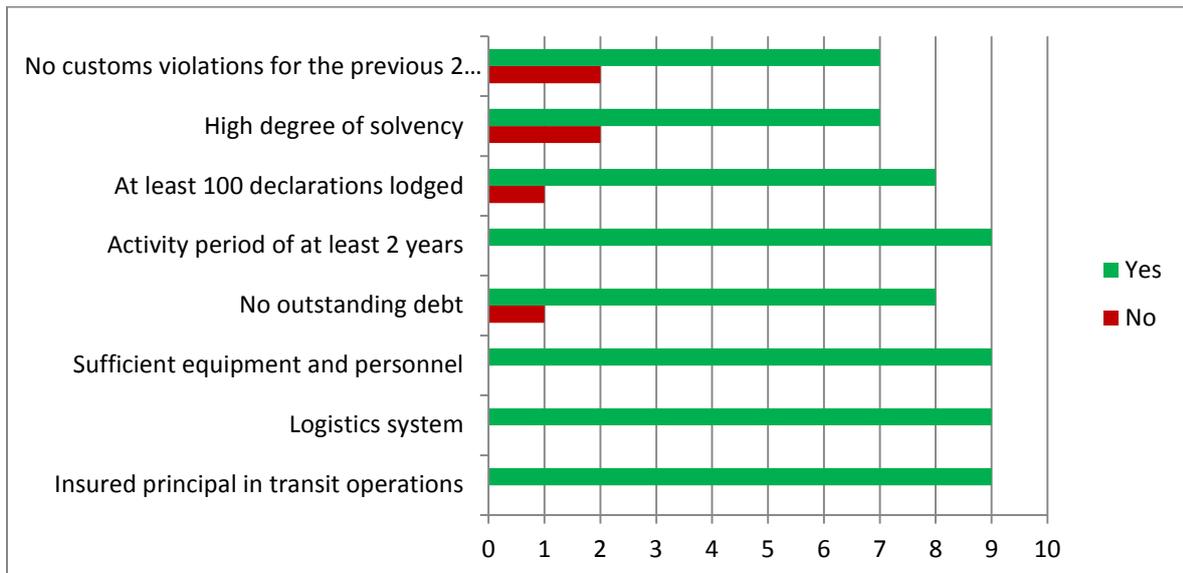


Figure 2. Respondent's attitudes to the requirements for home based clearance

Figure 3 and **Figure 4** below summarize participants' answers to whether they have benefited from facilities granted under current regulations.

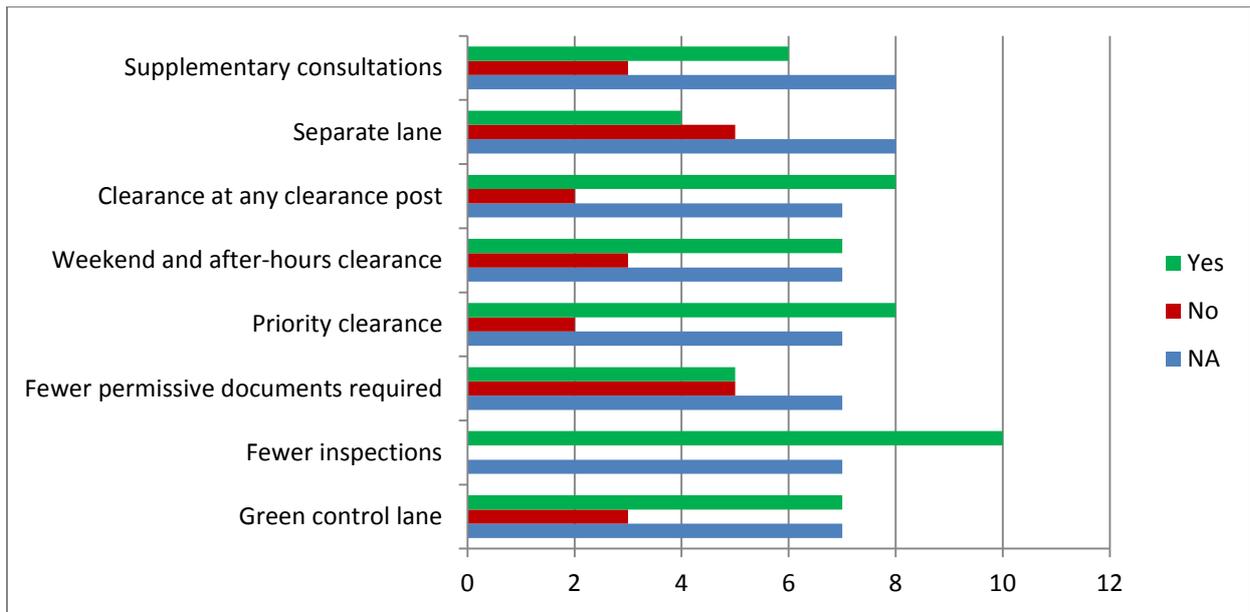


Figure 3 „As a low risk operator, do you consider yourself a beneficiary of the following facilities?”

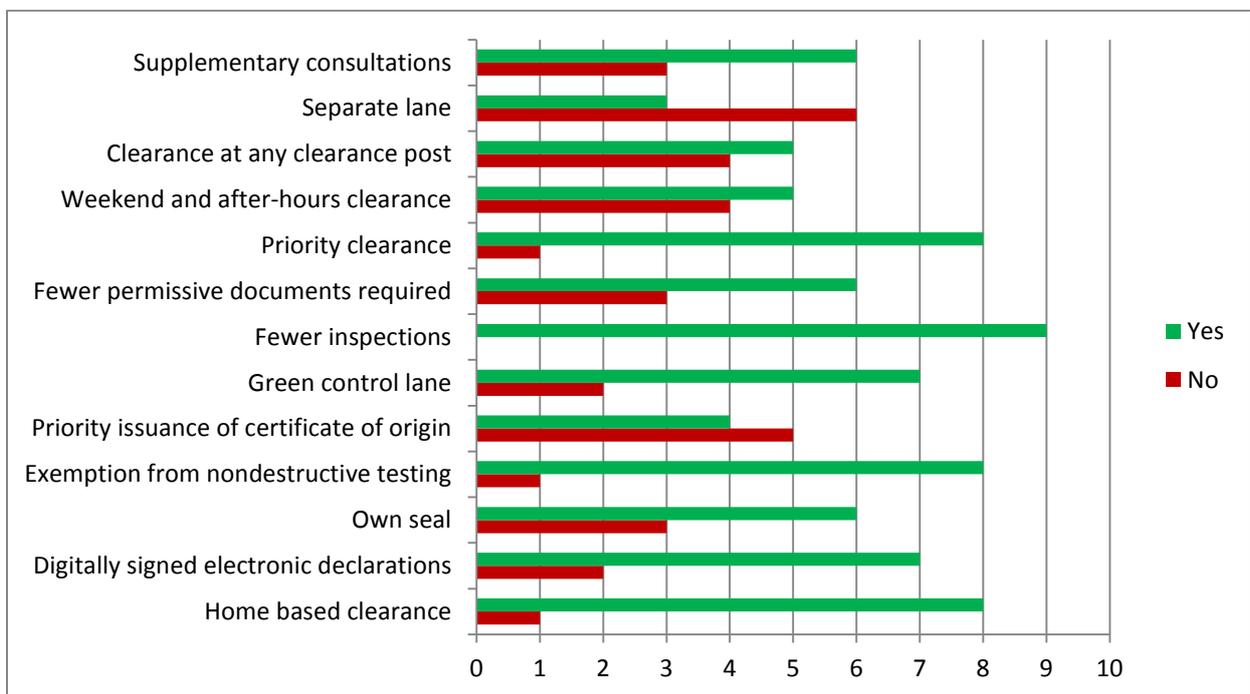


Figure 4 „As home based clearance beneficiary, do you consider yourself a beneficiary of the following facilities?”

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Pasul 5
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