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BUSINESS REGULATORY AND TAX ADMINISTRATION REFORM (BIZTAR) EVALUATION

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**BUSINESS REGULATORY & TAX ADMINISTRATION REFORM
(BIZTAR)
PROJECT EVALUATION**

Final Report

Prepared under the Evaluation Indefinite Quantity Contract, #RAN-I-00-09-00018-00

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LIST OF ABBREVIATIONS

AMCHAM	American Chamber of Commerce in Moldova
AOE	Authorized Economic Operator
BIZPRO	Support to Micro, Small and Medium Enterprise Development
BIZTAR	Business Regulatory and Tax Administration Reform Project
CEED	Competitiveness Enhancement and Enterprise Development Project
CIB	Comprehensive Institutional Building
CNAS	National Social Insurance House
COP	Chief of Party
COTR	Contracting Officer's Technical Representative
DCOP	Deputy Chief of Party
DfID	Department for International Development
EU	European Union
EU-BAM	European Union – Border Assistance Mission
FAD	Foreign Affairs Department
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GoM	Government of Moldova
ICT	Information and Communication Technology
IFC	International Finance Corporation
IMF	International Monetary Fund
IT	Information Technology
M&E	Monitoring and Evaluation
MCC	Millennium Challenge Corporation
ME&A	Mendez England & Associates
MCRD	Ministry of Construction and Regional Development
MoE	Ministry of Economy
MoF	Ministry of Finance
MOU	Memorandum of Understanding
MRGSP	Moldova Rapid Governance Support Program
MSME	Micro, Small and Medium Enterprises
MSTI	Main State Tax Inspectorate

NBS	National Bureau of Statistics
NWG	National Working Group on Regulatory Reform
OSS	One-Stop-Shop
PMP	Performance Management Plan
PPP	Public Private Partnership
PSD	Private Sector Development
RIA	Regulatory Impact Assessment
SIDA	Sweden International Development Cooperation Agency
ST	Short Term
SME	Small and Medium Enterprises
STS	State Tax Service
STI	State Tax Inspectorate
SOW	Statement of Work
TOR	Terms of Reference
USAID	United States Agency for International Development
USTDA	United States Trade and Development Agency
VAT	Value Added Tax
WB	World Bank

1.0 EXECUTIVE SUMMARY

The following report is the result of the findings by an independent Evaluation Team commissioned by Mendez England & Associates (ME&A) on behalf of USAID/Moldova, pursuant to the Evaluation Indefinite Quantity Contract, RAN-I-02-09-02-0018. The report is a project review of the USAID-funded Business Regulatory and Tax Administration Reform (BIZTAR) project in Moldova, for the period September 2007 to March 2011. The extended BIZTAR project is due for completion in September 2011. The main focus of the evaluation was to determine the extent to which the BIZTAR project, implemented by DAI/Nathan, has been accomplishing the terms and results of the project, and the project's contributions to achieving the Mission's Strategic Objective 1.31, "Private Enterprise Growth Creates Jobs and Generates Income."

The BIZTAR project is designed to improve Moldova's business enabling environment by reducing the administrative burdens on the private sector, streamlining tax administration, curtailing opportunities for corruption, and improving the access for citizens and businesses to government services and information. In support of these objectives, BIZTAR was also designed to promote public awareness and support for policy reforms to contribute to a better business environment. A significant part of BIZTAR's focus is the involvement of Information and Communications Technology (ICT) to facilitate transparent data management, streamlined administrative processes, and enhanced public-private partnerships. From this evolved the project's two main components: Regulatory Reform; and Tax Administration Reform.

The evaluation of BIZTAR was conducted by a team of three specialists, who convened in Moldova for a period of 18 days. The emphasis of the Team's activities was on conducting a comprehensive review of available project-related documentation, and arranging interviews with key stakeholders, including BIZTAR project staff, government departments and agencies, industry associations, and enterprises. The purpose of this approach was to allow the Team to gather as much relevant information and data as possible in order to shed light on BIZTAR's overall performance and its activities over the life of the project. Following the analysis of the data collected, the Team was able to draw several main conclusions and make a number of recommendations. The most significant of these are as follows:

Main Conclusions

1. In overall terms, BIZTAR has been instrumental in guiding the process of regulatory and tax administration reform in Moldova. Some of its main accomplishments include being directly able to influence the introduction of highly anticipated government legislation such as the Law on Construction and Declaratia Rapida as well as acting as a catalyst for change through publishing numerous concept, discussion and briefing papers for review by key stakeholders on subjects such as VAT, tax evasion and customs reform.
2. BIZTAR experts have collaborated with several counterparts and beneficiary organizations such as FiscServInform, the Main State Tax Inspectorate (MTSI), Licensing Chamber, National Bureau of Statistics (NBS) and others. Interventions have included capacity building initiatives such as training programs and seminars as well as assistance in the design and implementation of IT systems. Practical assistance has also been provided to One-Stop-Shops mainly in terms of software support and public awareness campaigns.

3. BIZTAR has been closely involved in assisting the Government of Moldova (GoM) with regard to overhauling an outdated and poorly functioning Customs system. Useful proposals have been forwarded to the Ministry of Finance (MoF) and Customs officials for review, in particular with regard to moving Moldova a step closer to harmonization of codes in line with international standards. Results have been mixed but progress has been made in raising important issues that must be addressed, sooner or later, with respect to corruption and VAT.
4. BIZTAR has also been successful in working closely with other donor-funded projects (European Union, Sweden International Development Cooperation Agency) and multi-lateral bodies (International Monetary Fund, World Bank) sharing information and platforms to place important reform issues in the public domain.
5. BIZTAR has provided some of the necessary tools and technical assistance to help GoM in providing online access to taxpayers and company employees as a means for them to track exactly what contributions have been paid over time in taxes and towards pensions. Such education of the public towards embracing and accessing personal information held by the government on its behalf can without doubt be considered a successful endeavor by BIZTAR.
6. Most major stakeholders interviewed agreed that BIZTAR has acted as a positive influence in the reform process in Moldova and that without its interventions progress in key areas such as tax administration reform would probably not have happened or possibly been delayed. The underlying assumption appears to be that BIZTAR's level of effort in proposing initiatives and seeing them through to implementation was a positive feature of its overall involvement.
7. In terms of project management and administration, BIZTAR appeared not particularly well organized in the gathering, storage and retrieval of data and information for Monitoring and Evaluation (M&E) purposes. This meant that ongoing and up-to-date information was not available to Chiefs of Party (COPs) as an aid to effective decision-making possibly resulting in the unusual number of revisions, changes and amendments to Work Plans and Performance Management Plans (PMPs) against which the performance of the project would be measured.
8. An additional significant conclusion was that emphasis on measuring performance against a basket of World Bank Annual Report economic rankings was not necessarily the most appropriate mechanism for measuring a country's overall performance or, indeed, BIZTAR's contribution towards those rankings, given that other factors also contribute towards preparation of those rankings outside of BIZTAR's sphere of influence.

Main Recommendations

Based on the above conclusions, the Evaluation Team was able to derive several important recommendations that USAID may wish to consider either for the remainder of the current project or for any future follow-on BIZTAR-type project to be implemented in Moldova.

1. It is highly recommended that BIZTAR continues for the remainder of the project to build on the foundations of work accomplished to date (especially the practical implementation of legislative procedures and requirements) and to cement working relationships with counterparts and beneficiaries where activities are still ongoing or are soon to be accomplished (tax appeals, Case Management System, tax current accounts, Customs brokers, Law on One-Stop-Shops, policy analysis for MTSI).

2. BIZTAR should consider its position regarding its interaction with the One-Stop-Shops, which appear in some need of continued support in terms of their sustainability. As further assistance is not anticipated before the end of the project, perhaps additional support could be revisited in a follow-on project.
3. At the present time, BIZTAR does not view continued support to Moldovan Customs as a worthwhile or productive endeavor. However, given the fact that the project has already submitted a number of useful proposals to Customs officials and the MoF, it may be worthwhile for USAID to consider further support in any future possible follow-on project in order to move the process of harmonization with the Kyoto Convention a step forward.
4. BIZTAR should continue to collaborate closely with major stakeholders in the pursuit of common goals, especially those organizations such as the International Monetary Fund (IMF) and Sweden International Development Cooperation Agency (SIDA) that are involved in advising the GoM in similar activities to BIZTAR, e.g. tax administration policy and strategy, in order to avoid duplication of effort and providing mixed or conflicting messages to GoM.
5. There is a pressing need to ensure that projects of this nature have in place a recognized system of M&E reporting in order to track actual performance against pre-determined objectives and targets on an ongoing basis. This will enhance project management decision-making, ensure a functional system of data collection and retrieval is in place, and ensure that Team members are aware of progress and achievements in each-other's area of activity.
6. Whilst the World Bank's Annual Doing Business ranking surveys are important they should not be the sole point of reference as a key economic indicator in highlighting a country's year-on-year performance, nor be used by projects to assess their respective contributions towards those indicators due to the difficulties in measuring them. Other indicators that can be used are Transparency International, the Millennium Challenge Corporation (MCC) Scorecard and the Global Competitiveness Ranking. A combination of these ranking systems would without doubt provide a country with a broader and fairer picture of the true extent of economic progress over time.

2.0 INTRODUCTION AND BACKGROUND

2.1 Purpose of the Evaluation

This evaluation report has been commissioned by ME&A on behalf of USAID/Moldova. It represents the findings of an external and independent assessment of USAID/Moldova's BIZTAR project, which is implemented by a consulting consortium led by Development Alternatives, Inc. (DAI) in partnership with Nathan Associates.

According to the Scope of Work (SOW) of the assignment, the evaluation should focus on BIZTAR's performance "in accomplishing the terms and results of the project and the project's contributions to achieving the Mission's Strategic Objective 1.31, 'Private Enterprise Growth Creates Jobs and Generates Income.'" Essentially, the Evaluation Team's brief was to:

- Review the activities of the project through its duration from the period 2007 – 2011
- Identify strengths and weaknesses, constraints and obstacles encountered during its implementation
- Provide recommendations for USAID/Moldova for its anticipated BIZTAR II follow-on project

It should be noted that following discussions with USAID/Moldova regarding the period of time the evaluation should cover, it was agreed that the evaluation needed to focus on BIZTAR activities between September 2007 and March 2011. An additional issue that also needs to be addressed at the outset of this report is that the format of M&E reporting by BIZTAR changed as of June 2010 (with subsequent revisions in August 2010 and November 2010) as identified in the associated PMPs. Ostensibly, this was to reflect the activities related to the project's extension by one year from September 2010 to September 2011. The subtleties of these adjustments are reflected in the tables in the following pages, which depict quantitative results.

2.2 Background on Moldova's Economy and the Need for BIZTAR

According to a recent report from the GoM - *Rethink Moldova: Priorities for Medium-Term Development* - the way forward for the country, following the world financial crisis, is to align itself with the European Union (EU) in order to reverse falling trends in Gross Domestic Product (GDP), Foreign Direct Investment (FDI), exports in goods and services, and employment. In adopting such a strategy, GoM recognizes that achieving greater economic stability requires the development and success of the private sector in Moldova. The Moldovan economy is dominated by Micro, Small and Medium Enterprises (MSMEs), the survival and growth of which is essential if the country is to grasp the potential opportunities provided by EU integration and open new markets. On average, Moldova's economy has experienced an annual growth rate of 5.5% over the past 10 years, helping to drive poverty rates down from 70% in 1999 to 31% in 2009. Yet, Moldova remains one of the poorest countries in Europe.

Whilst the GoM has made some progress in recent years towards lowering taxes, strengthening tax administration, increasing transparency and simplifying business regulations, decision-making remains inconsistent, especially with respect to the application of regulations. On occasion, government officials have interfered with business decisions in favor of a protected individual, or used governmental powers to pressure businesses for personal or political gain. As the judicial

system remains weak, recourse to the courts does not guarantee citizens or foreign investors an impartial ruling in cases of dispute with the government. One of the ramifications of this state of affairs is the light in which Moldova is viewed by the outside world, as depicted by the World Bank's Annual Doing Business rankings. In principle, a raft of key indicators is used to highlight a country's position relative to 182 other countries, first, in overall terms and, second, on separate topics such as ease of starting a business, dealing with construction permits and paying taxes, among others.

Against this background, on 26 September, 2007, USAID and DAI / Nathan executed the USAID/Moldova *Business Regulatory & Tax Administration Reform (BIZTAR)* Task Order. The original intention of the planned intervention was for the BIZTAR project to contribute towards improving Moldova's business environment by reducing regulatory and administrative burdens on private enterprise, streamlining tax administration, curtailing opportunities for corruption, and improving the access for citizens and businesses to government information.

2.3 The BIZTAR Project and its Activities

From its inception, the BIZTAR project has worked closely with local partners, from government bodies to private sector organizations, in pursuit of accomplishing its objectives. In so doing, attention has been paid to the creative deployment of ICT to facilitate more effective regulations for competitiveness, transparent data management, streamlined administrative processes and enhanced public-private sector co-operation. In addition, the project also assists the government and the private sector to promote public awareness for urgently needed policy reforms.

In specific terms, BIZTAR has two main overall aims: Regulatory Reform and Tax Administration Reform, which have also been categorized as Component 1 and Component 2, respectively, for the purposes of the project's implementation. Both components contain specific activities that have to be undertaken during the life of the project with a key set of result indicators against which performance can be measured. BIZTAR's contribution to Regulatory Reform is to assist GoM remove excessive administrative burdens and improve the quality of public governance largely through assistance in drafting needed legislation. A similar agenda has been identified with regard to modernization of Tax Administration Reform.

It should, however, be noted at this point that some of the above mentioned activities and result indicators have changed or been amended during the life of the project resulting in equivalent changes to Performance Management Plans (PMPs) along the way. The original SOW was also amended to extend the project by one year, from September 2010 to September 2011. The impact of these developments on BIZTAR's work is dealt with in more detail in the following relevant sections in this report. The Evaluation Team also noted that BIZTAR has had 4 COPs since the start of the project. The ramifications of this on the project are also addressed below.

2.4 Methodology of the Project Evaluation

On the basis of the SOW provided to the Evaluation Team for implementation and delivery of the assignment, the Team convened in Moldova for a period of 18 days in-country. As requested, a Work Plan (see Annex A) for the evaluation mission and a draft outline for the Final Evaluation Report were submitted to USAID/Moldova during the first week of the assignment. As indicated in the Work Plan, the emphasis of the Team's activities was on conducting a comprehensive review of available project-related documentation, and arranging interviews with key stakeholders,

including BIZTAR project staff, government departments and agencies, industry associations and enterprises. The purpose of this approach was to allow the Team to gather as much relevant information and data as possible that would shed light on BIZTAR's activities and its overall performance.

More specifically, the review encompassed two distinct aspects for investigation – quantitative and qualitative – in terms of how BIZTAR would be evaluated. The quantitative aspect focused on those activities against which actual performance could be measured over time against pre-determined plans, i.e. the number of actions carried out (procedures implemented, concept papers prepared, draft laws introduced) within the two project components – Regulatory Reform and Tax Administration Reform. The qualitative aspect focused on acquiring feedback from those key stakeholders with whom BIZTAR came into contact or collaborated with during the life of the project such as government ministries or agencies, other donor-funded or multi-lateral technical assistance projects, business and industry associations, and representatives of direct beneficiaries of BIZTAR interventions such as the One-Stop-Shops (OSSs). Their views, opinions, comments and suggestions contributed to the Evaluation Team's overall understanding of how BIZTAR activities and actions affected the business enabling environment in Moldova.

Following the analysis of the data collected, the Team prepared a draft final report with findings and recommendations. A debriefing session with USAID was held on 14 April, 2011, in Moldova. The Final Evaluation Report was submitted to USAID/Chisinau within five work days after receipt of written comments by the Mission and in corporation of those comments into the report.

3.0 GENERAL OVERVIEW OF QUANTITATIVE DATA

3.1 Introduction

In order to conduct a comprehensive evaluation of BIZTAR, an understanding of the project's performance in relation to its specific quantitative metrics is vital. Several tables have therefore been prepared to allow a "snapshot" view of the relevant indicators and the actual results achieved. A brief explanation of each table is provided below with descriptive notes where appropriate. More detailed findings and observations are presented in the following sections with regard to each of the components – Regulatory Reform and Tax Administration Reform. However, due to the number of changes that have been made to activities and performance indicators during the life of the project, it has been necessary to depict those parameters separately to reflect the two different time periods they represent. These are highlighted in Table 1, next page.

The first time frame covers the period from September 2007 to September 2010 (see Table 1A). The second time frame covers the period September 2010 to September 2011 (see Table 1B). However, following agreement with USAID/Moldova, the Evaluation Team was required to consider BIZTAR's performance against only the indicators for the period September 2010 to end March 2011, in addition to the original project time frame referred to above. The main reference points for the quantitative evaluation were the 15 January, 2008, PMP for the first period, and the three PMPs in June, August and November 2010 for the second period. BIZTAR annual work plans and quarterly reports have also been consulted to shed light on events as they have evolved from the start of the project. It should further be noted that, as far as can be ascertained, BIZTAR's internal M&E for the first period is only reflected in the quarterly reports and not in

any separate format (the current COP verified the Team's observation). On the other hand, the 2010 PMPs (June, August and November) have been designed to include specific tables for each of the result areas under both components tracking actual performance against targets. The Evaluation Team will use this format for verification purposes for the period September 2010 to March 2011.

3.2 Presentation of Quantitative Tables

Table 1 - Overall Monitoring and Evaluation Matrix - summarizes the overall findings from the evaluation mission to the BIZTAR Project in Moldova relative to the pre-determined objectives and performance parameters based on numeric (PMP) indicators. The table depicts the expected and achieved results for both project components over the life of the project. The information and data provided has been separated into two sub-tables (Table 1A and Table 1B) in order to distinguish the two periods of performance. In short, the table highlights aggregate results extracted from the "BIZTAR – Annual Breakdown of Results Matrix" depicted in Annex F of this report, which provides performance statistics on a year-on-year basis from September 2007 to March 2011 – (a full explanation of all the parameters is provided in the matrix). It should be noted however that, in some instances, the title of an original indicator in Table 1 has been changed, or revised, or replaced altogether by another one to take effect from September 2010 following extension of the project by a further year. These are clearly defined in the relevant sections and sub-sections. In terms of the numbering attributed to indicators, these remain the same for both time periods even where the title has been changed or revised, as they have been carefully cross-referenced from the data provided in all the PMPs. Finally, where further activities have been included for implementation during the final year of the project, these have been provided with appropriate reference numbers as defined in the 2010 PMPs.

The figures presented here are based on the Team's review of M&E data made available by BIZTAR in their quarterly reports and various PMP reports prepared during the implementation of the project. The main purpose of this exercise is not simply to assess the accuracy of M & E statistics presented but also to determine the extent to which pre-determined objectives had been met. Subsequent to the analysis of the data, the Evaluation Team believes there needs to be a greater emphasis on the capture, management and calculation of performance measurement indicators. This is discussed in detail later in the report taking account of key activities and result indicators that were changed or revised since project inception in 2007.

Table 1 – Overall Monitoring and Evaluation Matrix (Period of Performance Sept. 2007 – Sept. 2010 and Sept. 2010 – March 2011)

Table 1A: Period of Performance: September 2007 – September 2010					
	Performance Indicators	Level of Achievement (Actual)	Sources of Verification	Data Collection Method	Comments/Reasons for Deviation (if any)
Component 1: Business Regulatory Reform					
	RO - Moldova's overall ranking on the World Bank's annual Doing Business assessment	90	World Bank	WB Annual Doing Business rankings	Best achievement in 2010 with 87 WB ranking

Table 1A: Period of Performance: September 2007 – September 2010					
	Performance Indicators	Level of Achievement (Actual)	Sources of Verification	Data Collection Method	Comments/Reasons for Deviation (if any)
1.1	Improved Business Licensing Procedure	Achieved	PMP, Quarterly Reports (QRs)	BIZTAR records	
1.1.1	Number of business licensing procedures	Achieved	PMP, QRs	BIZTAR records	
1.1.2	Number of days required to deal with licenses	Achieved	PMP, QRs	BIZTAR records	
1.1.3	Cost of dealing with licenses	Achieved	PMP, QRs	BIZTAR records	
1.2	Simplified Business Reporting Requirements	Achieved	PMP, QRs	BIZTAR records	
1.2.1	Number of business reporting requirements	Achieved	PMP, QRs	BIZTAR records	
1.2.2	Number of days to meet business reporting requirements	Achieved	PMP, QRs	BIZTAR records	
1.2.3	Percentage reduction in the number of firms reporting bribery in obtaining licenses	Not known	PMP, QRs	BIZTAR records	No evidence of this indicator achievement was found in the PMP and quarterly report
1.3	Improved Access to Government Information	Achieved	PMP, QRs	BIZTAR records	
1.3.1	Quality of information regarding changes in policies and regulations	Achieved	PMP, QRs	BIZTAR records	
1.3.2	Presence of demanding regulatory standards	Partially achieved	PMP, QRs	BIZTAR records	In progress
1.4	Effective Monitoring of Reform and Public Awareness	Partially achieved	PMP, QRs	BIZTAR records	Work still to be done in reaching 'grassroots'
1.4.1	Burden of government regulation	Achieved	PMP, QRs	BIZTAR records	
1.4.2	Efficiency of the legal framework	Not known	PMP, QRs	BIZTAR records	No evidence of this indicator achievement was found in the PMP and quarterly report

Table 1A: Period of Performance: September 2007 – September 2010

	Performance Indicators	Level of Achievement (Actual)	Sources of Verification	Data Collection Method	Comments/Reasons for Deviation (if any)
Component 2: Tax Administration Reform					
2.1	Simplified Tax Reporting Requirements	Achieved	PMP, QRs	BIZTAR records	
2.1.1	Number of tax payments for business	48	PMP, QRs	BIZTAR records	
2.1.2	Number of hours for individuals to prepare and pay taxes	228	PMP, QRs	BIZTAR records	
2.2	Improved Taxpayer Services	Not achieved	PMP, QRs	BIZTAR records	
2.2.1	Percentage reduction in number of firms reporting bribery in contacts with tax authorities	Not achieved	PMP, QRs	BIZTAR records	No evidence of this indicator achievement was found in the PMP and quarterly report
2.3	Improved Effectiveness of the Audit Program	Not achieved	PMP, QRs	BIZTAR records	
2.3.1	Number of audits and controls of individual taxpayers	N/A	PMP, QRs	BIZTAR records	No records in PMP or quarterly reports
2.3.2	Number of small businesses audited/controlled	Not achieved	PMP, QRs	BIZTAR records	No records in PMP or quarterly reports
2.3.3	Cost of tax administration	Not achieved	PMP, QRs	BIZTAR records	No records in PMP or quarterly reports
2.4	Improved Tax Appeal Process	N/A	PMP, QRs	BIZTAR records	No records in PMP or quarterly reports
2.4.1	Appeals sent to courts	N/A	PMP, QRs	BIZTAR records	No records in PMP or quarterly reports
2.5	Tax Fraud Prevented	Partially achieved	PMP, QRs	BIZTAR records	Briefing papers prepared but not followed up by GoM
2.5.1	VAT c-efficiency	Not known	PMP, QRs	BIZTAR records	No evidence of this indicator achievement was found in the PMP and quarterly report
2.5.2	PIT productivity	Not known	PMP, QRs	BIZTAR records	No evidence of this indicator achievement was found in the PMP and quarterly report

Table 1B: Period of Performance: September 2010 – March 2011

Performance Indicators		Level of Achievement (Actual)	Sources of Verification	Data Collection Method	Comments/Reasons for Deviation (if any)
Component 1: Business Regulatory Reform					
	RO - Moldova's overall ranking on the World Bank's annual Doing Business assessment	90	World Bank	WB Annual Doing Business rankings	Best achievement in 2010 with 87 WB ranking
1.1	Improved Business Practices*	Achieved	PMP, QRs	BIZTAR records	
1.1.1	Support GRMs Efforts to Improve Doing Business Rankings	Achieved	PMP, QRs	BIZTAR records	
1.1.2	Guillotine II + Simplification of GoM Administrative Controls of Business	Achieved	PMP, QRs	BIZTAR records	
1.1.3	Licensing Reform	Achieved	PMP, QRs	BIZTAR records	
1.1.4	Support for One-Stop-Shops	Partially achieved	PMP, QRs	BIZTAR records	More work needed to ensure sustainability
1.1.5	Easier Process to Obtain & Renew Trade Authorizations	Achieved	PMP, QRs	BIZTAR records	
1.1.6	Increased Access to Central Government Services outside Chisinau	Partially achieved	PMP, QRs	BIZTAR records	In progress
1.2	Simplified Business Reporting Requirements*	Achieved	PMP, QRs	BIZTAR records	
1.2.1	Reduced overall Reporting Burden	Achieved	PMP, QRs	BIZTAR records	
1.2.2	Simplified reporting process to NBS, STS & CNAS	Achieved	PMP, QRs	BIZTAR records	
1.3	Improved Access to Government Information*	Achieved	PMP, QRs	BIZTAR records	
1.4	Effective Monitoring of Reform & Public Awareness*	Partially achieved	PMP, QRs	BIZTAR records	Work still to be done in reaching 'grassroots'

* Indicators set up according to the revised PMP August 16, 2010

* Indicators set up according to the revised PMP August 16, 2010

Table 1B: Period of Performance: September 2010 – March 2011

Performance Indicators		Level of Achievement (Actual)	Sources of Verification	Data Collection Method	Comments/Reasons for Deviation (if any)
1.4.1	Participation in Monitoring Reform*	Achieved	PMP, QRs	BIZTAR records	
1.5	Improved Capacity & Increased Transparency in Customs Administration*	Partially achieved	PMP, QRs	BIZTAR records	In progress
Component 2: Tax Administration Reform					
	TO - Moldova's rank on the Ease of Paying Taxes indicator in the World Bank Doing Business Survey	101	PMP, QRs	BIZTAR records	During the course of the project implementation improved by 22 from 123 to 101
2.1	Simplified Tax Reporting Requirements*	Achieved	PMP, QRs	BIZTAR records	
2.2	Improved Taxpayer Services*	Partially achieved	PMP, QRs	BIZTAR records	In progress
2.2.1	Improved access to real time taxpayer current accounts	Partially achieved	PMP, QRs	BIZTAR records	In progress, needs to integrate with case management figures
2.2.2	Institutional Development Strategy updated	Partially achieved	PMP, QRs	BIZTAR records	In progress
2.2.3	Taxpayers rights	Not achieved	PMP, QRs	BIZTAR records	No evidence of this indicator achievement was found in the PMP and quarterly report
2.3	Improved Tax Appeals*	Partially achieved	PMP, QRs	BIZTAR records	In progress – more work needed
2.4	Improved Tax Audit (Inspection) Procedures*	Partial achieved	PMP, QRs	BIZTAR records	More work required on tax compliance
2.5	Tax Fraud Prevented*	Partially achieved	PMP, QRs	BIZTAR records	Various briefing papers prepared but not followed up by GoM
2.6	More Efficient & Effective Collection of VAT at Customs*	Partially achieved	PMP, QRs	BIZTAR records	Work on Customs integrity still required
2.7	Improved Fiscal Policy*	Partially achieved	PMP, QRs	BIZTAR records	Further assistance requested
2.7.1	2.7.1 Improved formulation of tax policy	Achieved	PMP, QRs	BIZTAR records	

* Indicators set up according to the revised PMP August 16, 2010

Table 1B: Period of Performance: September 2010 – March 2011					
Performance Indicators		Level of Achievement (Actual)	Sources of Verification	Data Collection Method	Comments/Reasons for Deviation (if any)
2.7.2	2.7.2 Re-establishment of a Corporate Income Tax	Not achieved	PMP, QRs	BIZTAR records	No evidence of this indicator achievement was found in the PMP and quarterly report
2.7.3	2.7.3 Fiscal Policy unit strengthened	Partially achieved	PMP, QRs	BIZTAR records	Further assistance requested

Note: Table 1 is the summary of the matrix in Annex F. For the original indicators established in the January 2008 PMP no actual data could be gathered from the existing M&E system of the project. The evaluation Team therefore used the quarterly reports and interviews carried out with project stakeholders and beneficiaries to assess the level of achievement which is recorded in the column *level of achievement (actual)*

N/A should be interpreted as **not applicable** as per defined in the PMPs.

3.3 Findings and Observations

The sourcing, gathering and analysis of quantitative data and information has been a substantial undertaking by the Evaluation Team not least due to the various changes and amendments emanating from SOWs, PMPs and Work Plans since September 2007 when the project originally started. This resulted in the Team having to establish exactly what was agreed to between BIZTAR and USAID in terms of indicators, targets and expected results at various stages throughout the lifetime of the project to date, in order to be clear as to what was being evaluated in terms of overall performance. This led to the conclusion that there were two separate and distinct time periods under review, namely, from project inception in September 2007 to September 2010, and from September 2010 to September 2011 (following BIZTAR's extension by one year). A review of the PMPs relevant to both timeframes reveals that for the first three years of the project a significant number of targets remained undecided (TBD) whilst others had targets expressed in co-efficiencies or percentages, both complicated to calculate for the given time period.

The “BIZTAR – Breakdown of Annual Results Matrix” in Annex F reflects these findings in quantitative terms in line with the evidence available to the Evaluation Team. Where reference is made in the indicators relative to World Bank rankings, these are reported from the relevant World Bank yearly surveys. Where specific numbers have been identified as targets and results quoted, these have come from BIZTAR records as defined in the Quarterly Reports and PMPs. Where possible, the Evaluation Team has tried to cross-reference the efficacy of quantitative data with the relevant organizations and agencies to which they refer; however, this has proved a difficult exercise due to the lack of officially published data. In short, a forensic analysis of data and information has not been possible, resulting in the actual number of people using Declaratia Rapida being open to interpretation. The entries in Table 2, therefore, only reflect BIZTAR's understanding of the associated statistics.

Table 1 has been prepared from the findings to provide an aggregate picture of activities in terms

of overall performance. This is split between pre- and post- 2010 time periods. All the entries come from Quarterly Reports, PMPs or Work Plans. At first glance, there appears to be significant periods of inactivity within the first three years in several of the key result areas. However, some of these are revitalized in the extension period from September 2010 to September 2011 and marked accordingly with targets in some cases moving from TBD to specific quantitative indicators. As these are aggregate figures and results, they do not necessarily reflect the sum of the parts as defined in the matrix in Annex F, where achievements and deviations from plan are more clearly identified.

Nevertheless, Table 1 does serve to provide a “snapshot” view of BIZTAR’s performance to date with clarifications elaborated in Sections 4 and 5, below, to provide a more complete picture of BIZTAR’s activities, results and impact on their intended recipients. Whilst the data in Table 1 refers to results achieved, not achieved, or partially achieved, a more in-depth analysis below offers further explanation supported by the findings in the qualitative evaluation within each component. Due to the fairly large number of indicators and result areas that the project had to address, what follows is a summary of the main activities that BIZTAR carried out and not a blow-by-blow account of every action depicted in Table 1. The latter would have occupied a considerable amount of space in the report and would have not necessarily provided either a meaningful “big picture” of the overall performance of the main indicators to be measured or a definitive overview of BIZTAR’s level of effort in implementing those activities.

In short, the main focus of analysis is on the project’s achievements within each key indicator, work-in-progress and activities still to be implemented due to revision, delay or having been included for implementation in the extended year of the project from September 2010 to September 2011. Where activities have not been fully achieved or not achieved at all, comment is made in the analysis identifying possible reasons (if known) for lack of progress including project-related weaknesses or shortcomings. At the same time, if there were events outside of the project’s sphere of influence or control that had a direct impact on BIZTAR’s ability to achieve results, they are also identified and expanded upon where appropriate.

Finally, as quantitative evaluations tend to focus on performance being measured against numeric parameters as depicted in an M&E matrix such as Table 1, there is often little room for assessment of performance where the project has acted as a catalyst in making things happen in collaboration with other parties towards achievement of a common goal (e.g. the introduction of legislation or legal procedures). Where the Evaluation Team determined that this was the case with regard to BIZTAR, reference is made in the relevant section below. It is also important to note that in such circumstances the fact that a specific quantitative numerator does not exist does not diminish or dilute the actual impact of BIZTAR’s inputs without which, in some cases, an intended objective may never have happened.

4.0 EVALUATION OF BUSINESS REGULATORY REFORM COMPONENT

4.1 Quantitative Data Evaluation

The activities in this section are described in detail to reflect the expected outcomes within the above-mentioned time-frames.

4.1.1 Improved Business Practices

Background

At the beginning of the project in 2007, BIZTAR essentially concerned itself with improving business-licensing procedures related to the construction of warehouses, as its main area of activity, in line with the World Bank's Doing Business rankings, as defined in its annual surveys. For the first 3 years of the project, BIZTAR experts worked closely with the GoM authorities and the private sector to introduce legislation regarding construction permits. In July 2010, this effort was rewarded with the passage of the Law on Construction, which was promulgated in early September 2010. In terms of the ranking for this indicator, there was insufficient time for the World Bank to include it in its 2011 Annual Survey.

However, it is widely felt that the Law on Construction will have a positive effect on Moldova's standing when the 2012 rankings are published. Should the survey reveal a significant improvement in its position in the rankings, then BIZTAR would rightly be expected to take a large part of the credit. Unfortunately, this will not be known within the current lifetime of the project, due to end in September 2011.

In its November 2010 PMP, BIZTAR refined its key indicators under this objective to include not only World Bank related activities but also others affecting business in general:

- *Support GoM's efforts to improve Doing Business Rankings* (to be measured in terms of the extent to which the number of procedures in starting a business and for obtaining construction permits have been reduced)
- *Guillotine 2+ and simplification of GoM Administrative Controls of Business* (to be measured against the number of permits and authorizations eliminated with BIZTAR assistance)
- *Licensing Reform* (to be measured against the number of licenses to be eliminated)
- *Support for One-Stop-Shops (OSS)* (to be measured against the number of OSSs that continue to be active and development of a legislative framework for OSSs)
- *Easier process to obtain and renew trade authorizations* (to be measured against BIZTAR's preparation of a concept paper to create a OSS for trade authorizations accepted by Chisinau Mayorality)
- *Increased access to central government services outside of Chisinau* (to be measured against the Licensing Chamber adopting a system to allow electronic applications for businesses outside Chisinau).

BIZTAR's Performance

In terms of the Doing Business Rankings, Table 2, below, provides a brief outline of Moldova's performance in the main indicators identified by the World Bank:

Table 2: World Bank Doing Business Rankings for Moldova

	WORLD BANK DOING BUSINESS RANKINGS FOR MOLDOVA	2008	2009	2010	2011	
	Overall WB Rank in doing business	108	94	87	90	+18
1	Starting a business	92	103	87	90	+2
2	Dealing with construction permits	154	158	161	161	-5
3	Employing Workers*	118	119	141	141	
4	Registering Property*	47	50	17	17	

	WORLD BANK DOING BUSINESS RANKINGS FOR MOLDOVA	2008	2009	2010	2011	
	Overall WB Rank in doing business	108	94	87	90	+18
5	Getting credit*	79	84	87	87	
6	Protecting Investors ³	101	104	109	109	-8
7	Paying Taxes	123	123	101	101	+22
8	Closing a Business ⁴	85	88	90	90	-5
9	Enforcing Contracts*	16	17	22	22	
10	Trading Across Borders	125	135	140	140	-15

In short, the figures presented above speak for themselves although there is no way of knowing with any degree of certainty to what extent BIZ TAR had an effect on the rankings one way or the other. As mentioned above, the 2012 World Bank Doing Business Survey will probably reflect its views on Moldova's passing of the Law on Construction. In the last quarter of 2010, BIZTAR continued to assist the Ministry of Construction and Regional Development (MCRD) to communicate the contents of the new law on construction permits to Mayors and the private sector throughout the country. The Regulatory Impact Assessment (RIA) in the same quarter appeared to indicate that almost \$6 million was saved by businesses as a result of the streamlining mandated by the Construction Law.

In terms of starting a business, Moldova has performed slightly worse in 2011 than the previous year, and is not expected to improve significantly in 2012, although it may take into account the elimination of the required separate registration at the National Social Insurance House (CNAS) for businesses initiated by BIZTAR. In real terms, BIZTAR's attachment to World Bank rankings as an indicator of its own performance is misplaced and possibly acts as a diversion away from other more relevant accomplishments.

The objective of the *Guillotine 2+ process* was to eliminate unnecessary permits and authorizations with BIZTAR's assistance. This activity started in 2010 so there are no targets for the previous years. In effect, at least 420 certificates, permits and authorizations have been identified for scrutiny of purpose following BIZTAR's interview and round tables with businesses and government authorities. Draft laws have been circulated to abolish 100 permits and acts but this will not be known until later in 2011. It was further anticipated by BIZTAR that the first legislative amendments to implement the Guillotine process would be presented to Parliament in the first quarter of 2011. This was not verified by the Evaluation Team during its mission.

Regarding the request by businesses to eliminate a *number of licenses*, BIZTAR proposed the elimination of 13 types of licenses, of which, 12 were approved by the Parliament in 2010. BIZTAR also recommended that 7 permits issued by the Ministry of Economy (MoE) be issued in the future by the Licensing Chamber and this was also approved by the Parliament. Further, input by BIZTAR was requested by the private sector and the Licensing Chamber regarding the *online*

³ BIZTAR was asked to prepare a paper on Protecting Investors, which resulted in amendments to the Joint Stock Company Law, a part of the Guillotine 2+ package before the Parliament.

⁴ BIZTAR was asked to prepare a concept paper on Closing a Business. It hired a local attorney and he prepared the paper.

processing of license requests. In the first quarter of 2011, BIZTAR plans to draft such a concept together with a software system to receive and process online applications.

With regard to ***Support for OSSs***, the GoM, with BIZTAR's help, has drafted the OSS Law, to introduce clear and uniform rules for the release of information and standardized documents through a one-stop window. The objective is to eliminate unnecessary permits and authorizations and, where they are still appropriate, to streamline requirements. In 2010, BIZTAR worked with MoE and the National Working Group on Regulatory Reform (NWG) to analyze all permits issued by central public authorities and to suggest elimination or incorporation into law.

From 2003-2006, USAID, through the BIZPRO (Support to Micro, Small and Medium Enterprise Development) project, established in 15 localities OSSs managed by third parties, generally local branches of the Chamber of Commerce or Mayor's Offices, to receive and process requests for construction permits and/or trade authorizations with local public authorities. They operated under an agreement with the local authorities and eliminated direct interaction between the applicant and the local authority. By the time BIZTAR began operating in September of 2007, only 6 OSSs were operating; the others had closed because the Mayor or local authority elected in 2007 opted to reinstate the old system, generally allowing several offices to require personal visits by the applicant to review and push the request, permitting "unofficial payments."

In the past 4 years, BIZTAR has improved the services at some of the 6 OSSs by principally improving the software and, in some cases, the hardware since much of their equipment is outdated or obsolete. However, fees obtained by the OSSs barely cover operating costs. Therefore, they continue by grace of the subsidies of the local Chamber of Commerce or NGO, which operates them. An initial national inventory in 2010 identified several OSSs operated by third parties that continued to be threatened by the arbitrariness of local public authorities.

Given the above situation, MoE requested BIZTAR's assistance in 2010 to help with draft legislation to strengthen the OSS's practice at the local levels. BIZTAR drafted a concept paper and subsequently a draft law to strengthen the OSS practice including mechanisms for partnerships operated by third parties. That legislation is at the final stages of deliberation by the Government and is expected to be passed the spring or early summer of 2011.

The four active OSSs, out of 15 established, are: Singerei, Orhei, Cahul, Ceadir-Lunga. They were created by BIZPRO, which relied on the good will of the Mayors to sustain them; some mayors did help them but others took on a more combative stance. Many of these competitive situations will be clarified by the June local elections. These OSSs fall into 3 categories: some work; some are barely working due to lack of cooperation from the local authorities; and some are closed. The draft law on OSSs has been submitted to the Government by BIZTAR as part of the Giullotine 2+ package and will be submitted to the Parliament in the very near future.

The MoE requested that BIZTAR prepare a ***concept paper for the OSS located in Chisinau Mayor's Office***. BIZTAR did this in 2010 and the concept paper was approved by the Mayor and the business community, which would be directly affected by the OSS in the area of trade authorization. At the present time, the approval is on hold due to the lack of an OSS law and the upcoming June elections.

4.1.2 Simplified Business Reporting Practices

Background

The primary focus of this activity was to identify BIZTAR's contribution towards assisting the GoM in simplifying and consolidating the entire process of statistical reporting for businesses and foreign investors. The main actors involved are the National Bureau of Statistics (NBS), National Social Insurance House (CNAS) and Main State Tax Inspectorate (MSTI). The specific objectives to be addressed were:

- *Reduced overall reporting burden* (to be measured by reduction in time needed to complete and submit reports to NBS, CNAS and MSTI)
- *Simplified reporting process at NBS, CNAS and MSTI* (to be measured against the number of companies submitting electronic quarterly reports to CNAS at least once a year, number of businesses reporting electronically to NBS, and number of businesses using "Declaratia Rapida" service at least three times during a calendar year)

The ultimate aim of these interventions is essentially for those governmental organizations to use BIZTAR's assistance either in helping develop electronic reporting systems for CNAS, in particular, or in helping NBS to promote its use. In addition, BIZTAR would work with CNAS in establishing a link with MSTI to facilitate the issuance of a "no-debt" certificate at MSTI. Taken together this would build on BIZTAR's work under the Improved Business Practice indicator in reducing overall burdens to businesses and thus improve the enabling environment as a whole.

BIZTAR's Performance

In pursuit of the above aims, as well as from the analysis of the available evidence from BIZTAR records and interviews with members of the project team, it is possible to comment as follows in terms of actions carried out:

- With BIZTAR's support, NBS representatives visited their sister organization in Romania to study its model for a consolidated modeling form, which also uses a sampling framework to collect data. The result of this trip was that NBS ratified its decision to implement a consolidated, sample-based form, designed to reduce the reporting burden at NBS by 30%. Major achievements in this respect are expected from the promotion of Declaratia Rapida at MSTI together with the integration of a statistical form instead of monthly and quarterly reports. This is anticipated to happen in April 2011 although it has not been verified.
- In terms of BIZTAR's involvement in the field of simplifying reporting procedures, there were no targets for 2008 and 2009 as CNAS only accepted some of the objectives in 2010 (especially with regard to electronic reporting by businesses). Real impact is likely to be met in 2011 after e-reporting has been implemented in CNAS and subsequently extended to NBS.
- With regard to businesses using Declaratia Rapida, further regional promotional campaigns are planned for 2011, which together with the anticipated second and third versions of the legislation, will contribute significantly to its greater use by individuals and enterprises. Specific targets were set for 2009 (500, which was achieved) and 2010 (5000, on target according to BIZTAR records, but not verified in the last Quarterly Report of 2010 from

October to December.) Such data may well be provided in the first Quarterly Report of 2011 from January to March but this was not available to the Evaluation Team.

- One of the major problems areas identified by BIZTAR in the electronic reporting process was the lack of any direct communication or co-ordination of activities between CNAS and MTSI in pursuit of common goals. In addressing this issue BIZTAR is in the process of developing the Taxpayer Current Account and Certification System with MTSI, aimed at streamlining the issuing of certificates on no-debt to the public budget. In addition, BIZTAR is also working with both CNAS and MTSI to develop a linkage between the systems of both organizations to eliminate the need for businesses to make additional visits to CNAS for a “no-debt” certificate, which MTSI will be able to confirm directly. Such a linkage would be developed after the development of the Taxpayer Current Account and Certification System mentioned above.

Conclusions

There is no doubt that BIZTAR has taken a leading role in tackling the issues related to improving business reporting in Moldova, which given the number of government agencies involved, has been no easy task.

During the first three years of the project BIZTAR helped identify and remove some of the more burdensome tasks associated with tax reporting in particular with regard to business licenses. In 2010, a number of extra activities were added to BIZTAR’s scope of work to further expand on these initial accomplishments.

In terms of the latter, several of those planned activities and outcomes are still in progress (as identified above) with results only measurable later in the year (and outside the scope of the evaluation mission). Specific actions in 2011 have been identified by BIZTAR and should be followed up to a satisfactory outcome during the final months of the project due to end in September 2011. These are:

- Agreement reached between MTSI and CNAS on an operational framework to eliminate the need for businesses to acquire a certificate of no-debt by CNAS
- The first-ever sample of businesses will begin using the new NBS form consolidating several older required reports

In summary, it is clear that the initial steps that BIZTAR has taken in collaboration with the relevant authorities in addressing outstanding matters of importance regarding business reporting have been instrumental in guiding the GoM along the right lines. It is therefore also possible to conclude that the GoM and its above-mentioned agencies have considered BIZTAR a significant driving force in the regulatory reform process. In support of this assertion is the fact that the Evaluation Team was not aware of any other external source of intervention that significantly (if at all) contributed towards this debate.

4.1.3 Improved Access to Government Information

Background

This activity is primarily concerned with the concept of individuals and businesses being able to access personal current tax accounts, and therefore, moving another step closer to improving the relationship between taxpayers and the GoM. There is not much reporting of this activity in either Quarterly Reports or 2010 PMPs (where reference is restricted to comment on number of hits on

GoM web pages and public online portal access to local laws). However, BIZTAR's Work Plan for the period October 2010 - September 2011 clearly identifies a range of issues within this activity with possible results due for reporting in the project's Quarterly Report for January to March 2011 (not available at the time of the evaluation). Three specific areas of intervention were addressed under this indicator (none of those is referenced in Table 1, as result indicators are not specified):

- Improved and more rapidly accessible taxpayer current account
- Online access to local acts in Balti and Gagauzia as demonstrations of state-of-the-art e-service technology
- Increase use of CNAS Current Account

The following comments and observations have been extracted from November 2010 PMP and the Quarterly Report for October to December 2010.

BIZTAR's Performance

The *taxpayer current account* is a statement of current liabilities for all taxes owed for the previous 5 years – it may show debts, overpayments, and all taxes paid. In 2009, MTSI and FiscServInform undertook a review to define the needed functionality of a new taxpayer current account software system. This would effectively provide a summary statement for all liabilities in all tax jurisdictions as well as over and under payments. In early 2010, an open procurement tender was initiated with BIZTAR's assistance (and approved by USAID) to develop the necessary software. An award was made in June 2010 with the results anticipated in December 2010 (not verified during the evaluation mission). It can therefore be assumed that the software will be developed and tested sometime in 2011 (no deadline identified) as well as being launched and promoted nationally. According to BIZTAR, CNAS is expected to eventually reach a target of 20,000 users of its online current account system (no deadline identified).

In terms of ***online access to local acts in Balti and Gagauzia***, BIZTAR plans to develop a state-of-the-art e-service application to create an internet searchable registry of local acts, which will be replicable in other local public authorities. In order for this to happen, BIZTAR will require the co-operation of the State Chancellery, which is expected to maintain and expand the system to other localities. Thereafter, BIZTAR will help promote the application and offer Chisinau-base assistance to adapt it for other localities. BIZTAR's Work Plan for October to December 2010 indicates that these actions would take place in 2011, including online access to laws in Balti and Gagauzia, with a promotional conference planned for around the third quarter of 2011. These events are outside of the evaluation brief so they will not be commented upon further at this time. Nevertheless, actions have been activated in their pursuit, some of which occurred before the March 2011 evaluation mission cut-off point and so are included here.

In 2009-2010, BIZTAR developed a software application allowing current and retired employees to obtain detailed information on employer contributions to their pension accounts. A test was carried out by CNAS with BIZTAR's assistance based on the use of employers as a medium to encourage employees to access their accounts. By the end of the third year of the project it is estimated that over 13,000 people had reviewed their personal CNAS current accounts. BIZTAR's plans for 2011 include following up on this initiative to increase the number of people using the system. The target group in this category apparently has more than one million current or retired employees, so a fair amount of work still has to be done (although no specific targets have been set

for BIZTAR in this pursuit, which may possibly remain open for inclusion in any future possible follow-on project).

Conclusions

As far as can be determined from the reported activities and outcomes recorded by BIZTAR, a significant start has been made by GoM with BIZTAR's input in providing online access to taxpayers and company employees as a means for them to track exactly what contributions have been paid over time in taxes and towards pensions. More specifically, it appears that BIZTAR has provided some of the necessary tools and technical assistance to help make this happen. It is not known from BIZTAR documentation what calendar of events awaits in 2011 in progressing these early initiatives but such education of the public towards embracing and accessing personal information held by the government on their behalf can without doubt be considered a successful endeavor by BIZTAR.

4.1.4 Effective Monitoring Reform and Public Awareness

Background

The starting point for evaluation begins with the two main contract objectives: at least 30% of businesses are aware of the government reform agenda supported by BIZTAR; and at least 2000 businesses and individuals participate in regulatory reform review initiatives. In pursuit of these objectives, two specific indicators have been identified as indicators of implementation:

- *Increasing awareness by the business community of the nature of reforms and reform agenda being undertaken by partner agencies and GoM (based on surveys conducted and their analysis.)* Performance would be measured by:
 - the percentage of businesses that state they benefited from BIZTAR's activity
 - the percentage of businesses that are aware of the government reform agenda supported by BIZTAR
 - the percentage of accountants ever having heard about BIZTAR
 - the percentage of businesses that recognize BIZTAR as a USAID project
- *Monitoring of awareness reforms (as specified in the BIZTAR Work Plan for October 2010 to September 2011 but not in any 2010 PMPs)*

To date, BIZTAR has supported 3 complimentary communications efforts: the first focused on increasing dialogue between the business community and specific government agencies on specific problems – the Licensing Chamber used these opportunities in 2009 and 2010 to meet with representatives of businesses and local public authorities; the second indicated that BIZTAR itself held meetings and focus groups to obtain feedback on planned proposals to the government; the third saw BIZTAR support special events to communicate previous reform efforts (either partly or entirely supported by USAID/BIZTAR). Below is a summary of BIZTAR's awareness agenda.

BIZTAR's Performance

Business Community Awareness of Reforms

To assess the performance of the four indicators highlighted above, the Evaluation Team referred to the November 2010 PMP for progress to date. According to the data presented, the project has conducted surveys in September – October 2010 under the supervision of the BIZTAR M&E expert and in July – August 2011. However, no results are presented with regard to the 2010 surveys, which the Evaluation Team was unable to verify whether they had been conducted as

there is no reference in the Quarterly Reports. As BIZTAR has no current M&E expert on board, it is not evident how any future surveys will be planned and implemented.

Monitoring of Awareness of Reforms

According to BIZTAR, the project conducts annual surveys to gauge business awareness of USAID's assistance through BIZTAR. Such an assessment was planned for October 2010 although no reference has been established to verify this. A follow up survey is planned for July 2011. It is assumed that these are the same surveys referred to above.

Promoting Public Awareness and Support for Policy Reforms

(It should be noted that this indicator appears in the 2010 PMPs but does not appear in the final year Work Plan). It is included here as it provides useful data on events, which is recorded for reference purposes in BIZTAR's internal database in terms of the projects level of effort.

As part of its continual program to support reforms via presentations, debates, informational and promotional materials, plus media campaigns, BIZTAR held:

- 3 events in 2009 on the Law on Construction; 20 events in 2010 with 960 participants, including 4 launching events in Balti, Chisinau, Cahui, Comrat; and 2 events in 2011 with 64 participants.
- 21 events in the regions with businesses and 2 Roundtables at the MoE on Licensing Reform, as part of the Guillotine 2+process
- 20 events in 2010 with 948 participants, as part of the CNAS Reforms
- 74 events with 3168 participants, as part of the STS electronic fiscal services, including Declaratia Rapida
- 4 meetings in 2009 in the area of licensing improvements

As part of supporting the role of Regional Partners in Business Awareness during 2010 and 2011:

- 8 Regional Partners, each covering 3-4 Rayons, primarily Chambers of Commerce and 2 NGO's were supported, with logistical support and informational materials.
- Regular meetings with local authorities and local businesses were held to communicate the reforms, reduce bureaucracy for businesses.
- BIZTAR team involved some top management of Ministries in the national and regional meetings.

As part of the Quarterly BIZTAR Newsletter during 2010 and 2011:

- 1,000 copies were distributed: 700 in Romanian, 250 in Russian and 50 in English.
- Newsletter was distributed to all key Government ministries, partner public agencies, business community, regional partners, think tanks.

Miscellaneous Initiatives during 2010 and 2011:

- BIZTAR News was distributed via email to 220 recipients, including all BIZTAR Moldovan and global stakeholders.
- BIZTAR Project Animated Banner (website details were made available to 10 public partners and to popular media and think tanks).

- To publicize BIZTAR's supported reforms in major public events, 10 presentations were done during international and national events/exhibitions/forums, including special stands organized by BIZTAR.

Conclusions

There is little doubt that a significant effort has been made by BIZTAR in terms of communicating the nature and extent of reforms to businesses and the general public as evidenced by the initiatives mentioned above. However, whilst useful data is recorded by the project with regard to public awareness activities, there appears to be little evidence of actual surveys being carried out to obtain specific feedback from intended interviewees such as companies and accountants in order to shed light on the extent to which the two original objectives have been met.

4.1.6 Improved Capacity of Increased Transparency in Customs Administration

Background

In BIZTAR's final Work Plan October 2010 - September 2011, reference is made to 3 contract objectives to be achieved by the project:

- Integrity systems at Customs strengthened
- A draft Customs Code to be re-written to be harmonious with the Kyoto Convention and EU Standards and disseminated if passed by the Parliament
- The MoF is functionally able to supervise the Customs Service

However, in BIZTAR's November 2010 PMP, only the reference to Kyoto remained from the above objectives, with several other indicators appearing that the project planned to address. For the record below are the revised result areas:

- Number of Customs harmonization procedures implemented in accordance with internationally accepted standards
- Customs Code of Conduct adopted
- Authorized Economic Operator (AEO) program is implemented at Customs – number of milestones achieved
- Human Resources Management procedures at Customs revised
- Risk Management procedures at Customs revised

Below is a brief summary of activities that BIZTAR carried out as defined in the final year Work Plan followed by an assessment of the revised activities that BIZTAR plans to implement or are under review. It should be noted here that the Evaluation Team became aware of possible further changes to BIZTAR's work with Customs, as expressed in a note sent by the current COP to USAID on 24 March, 2011, regarding proposed amendments to the Work Plan for the last 6 months of the project. With regard to Customs, the only items that BIZTAR proposed to be retained were related to Kyoto harmonization and drafting amendments to legislation on Customs brokers in collaboration with MoE. Although USAID had not made a final decision on these proposed changes during the evaluation mission, it is nevertheless important and relevant to review work done by BIZTAR to date with Customs and to comment accordingly.

BIZTAR's Performance

In the summer of 2010, BIZTAR commissioned international experts to review *Customs Integrity Systems* with a view to providing the MoF with a progress report on how Customs was dealing

with corruption. The specialists involved also reviewed the European Union Border Assistance Mission's (EU-BAM) estimates of the cost to the GoM of not tackling the issue. As a result of their findings, BIZTAR proposed that Customs create a working group to develop an action plan to address corruption but this was not done. However, the Customs General Director invited BIZTAR to help Customs prepare a service charter although it is BIZTAR's view that Customs' commitment to proposed changes is questionable. The final year Work Plan referred to Year 4 targets to be met regarding Customs, namely:

- Code of conduct to be implemented
- Table of offences implemented
- Customs integrity self-assessment completed
- Corruption susceptibility indicators formulated
- Number of trusted partners increased

No reference is made in BIZTAR's final Quarterly Report of 2010 of any of these actions other than "Customs continued to review proposals for assistance in control of corruption, risk management and implementation of an AEO program," and "BIZTAR presented an initial proposal to the MoF for a computerized management information system." Furthermore, forward plans for the first quarter of 2011 in that same report simply refer to further work being undertaken in both areas. There is, however, a reference to BIZTAR finalizing a gap analysis on the 400 articles in the Moldovan Customs Code vis-a-vis the provisions of the Revised Kyoto Convention.

With regard to the other main objective "***Strengthening the Capacity of the MoF to Supervise Customs,***" it seems appropriate at this stage to comment on recent developments which BIZTAR has had to take into account with regard to this particular activity. In 2010, direct supervision of Customs was transferred from the President and Prime Minister of Moldova to the MoF. Since then, from discussions with Customs personnel, it seems that the MoF has not provided them with any meaningful support and views the Tax and Customs Policy Unit in MTSI as inexperienced and ineffective. In recognizing this impasse, BIZTAR offered four proposals to the MoF to help strengthen its supervisory capacity:

- Assist the Tax and Customs Policy Unit examine policy options to strengthen revenues
- Undertake special assessments for the Vice Minister in order to allow to make informed decisions regarding Customs
- Provide the Vice Minister with an IT based system for his desk top to access information on key indicators as well as updates on Customs-BIZTAR action plans on risk management, integrity and AEO program implementation
- Facilitate meetings with the private sector regarding its perspective on Customs

With the exception of the offer to provide the Vice Minister with real-time management information, there is no reference to the other proposals in the last Quarterly Report of 2010.

In terms of the issue related to the ***Kyoto Convention***, BIZTAR commissioned a review of the Customs Code in May 2010 in order to identify areas of potential revision. EU-BAM offered to review any proposals but would not be able to participate in writing them. BIZTAR's intention for 2011 was that a draft new Customs Code be completed and accepted by Customs, that such a code would be passed by the Parliament, and that the code would be disseminated. Since this has not happened, BIZTAR has taken the decision to bring back the original short-term expert to complete the tasks related to Kyoto.

Regarding the result areas presented in the November 2010 PMP and mentioned above, the following is a brief assessment of those activities. Results referring to Customs Code, AEO program and Risk Management Procedures have already been addressed above. The two outstanding issues are ***Customs Harmonization Procedures*** and ***Human Resource (HR) Management Procedures at Customs Revised***. Regarding the latter, no progress has been made to date on the issues that should be addressed such as refining job descriptions, introducing a functioning supervisory system and establishing evaluation criteria. No work plan has been agreed with the Customs Director General.

The inclusion by BIZ TAR to work on harmonization measures seems self-evident if planned intervention leads to a Customs system in Moldova that facilitates cross-border trade by reducing costly customs procedures and regulations that affect import-export activity. The implementation of a harmonization framework such as the Kyoto Convention in Moldova would help raise the profile of the country in terms of the perception of the outside world as a safe place to do business. It seems unlikely, however, that further progress will be made in this matter before the end of the project other than the planned additional technical assistance input envisaged in May/June 2011. Whether any future possible follow-on project should carry on with such initiatives is debatable but, at the very least, ought to be considered by USAID.

Conclusions

There is evidence that BIZTAR has tried to work with Customs and the MoF in developing realistic proposals aimed at overhauling an unsatisfactory and counter-productive Customs system in Moldova, which adversely affects the way in which the country is perceived by the international community in terms of a properly functioning business enabling environment, especially with regard to imports and exports. One of the main criteria for foreign investors is the existence in a host country of fair and transparent re-exporting legislation, the lack of which would, ultimately, be reflected in the World Bank's annual ranking surveys. If GoM is to improve those rankings, further progress will need to be made in bringing Customs into line with international standards without delay. BIZTAR has identified a number of key areas in pursuit of this objective but seems not to have found a counterpart with the necessary will to seriously address the issues at hand. Whether any future possible follow-on project picks up the baton is for USAID to determine. This report comments on this in the section of Recommendations below.

4.2 Qualitative Evaluation

This section further elaborates on information and data that has been acquired for quantitative analysis through interviews and discussions with key players in Moldova with an interest in regulatory reform either directly (including other donor programs) or indirectly (including intended BIZTAR beneficiaries such as businesses and industry associations).

One Stop Shop in Orhei had a seminar to promote the Declaratia Rapida in Hancesti and 280 attendees in this primarily rural community attended to find out how they could use the new system.

4.2.1 General Perception of BIZTAR

All of the stakeholders interviewed by the Evaluation Team agreed that BIZTAR has played an integral part in the Regulatory Reform process during the four years of the

The National Social Insurance/Pension Fund also mentioned how much they appreciated BIZTAR's and USAID's recognition of their value to the country. Their IT upgrade now allows all businesses to see online their contributions to the pension funds and at the same time allows the citizens to verify that their employer has properly contributed funds

project to date, whether by concrete accomplishments (listed in 4.2.2 below) or the processes it helped set up or maintain.

Most interviewees expressed their appreciation of the project's contribution to their particular fields of interest. Some activities were fully implemented whilst others remain in progress awaiting further inputs or action in anticipation of further assistance from BIZTAR. A complete list of what BIZTAR delivered or is about to deliver is outlined more specifically in Table 3 below.

4.2.2 Review of Individual and Collective Observations

Table 3: BIZTAR's Accomplishments/Results

Moldovan Counterpart	BIZTAR's Accomplishment/Results
Main State Tax Inspectorate (MSTI)	<ol style="list-style-type: none"> 1. Declaratia Rapida (taxpayers can complete forms electronically): 9,000 VAT Registered businesses used it in Feb. 2011 and 4,000 SMEs; now 25% of users in category 2. MSTI Case management software system was delivered. Training of inspectors 3. Declaratia Rapida is distributed on CDs free of charge or downloaded from FiscInformServ website 4. Doing pilot of consolidated current account, case management and VAT paying taxpayers.
Licensing Chamber (10,322 licensed companies in Moldova)	<ol style="list-style-type: none"> 1. One Stop Shop in place with all licensing requirements shown on Touch Screen and Window for service to citizens and businesses seeking licenses 2. Time cut to 5 days to get license and 3 days for documents; previously 39 activities to license; now 32. Simplified and streamlined documentation to can check credibility of potential partners 3. Parliament approved amendments streamlining process 4. BIZTAR prepared Guide to Licensing; survey in Nov. 2010 & regional meetings
Ministry of Construction	<ol style="list-style-type: none"> 1. Law on Construction passed on July 9, 2010. Before law, it took 17 procedures to get construction permit; after law 9 procedures; before law - 58 visits to authorities; after law - 24 visits; before law - cost was 14,734 lei; after law - 3,150 lei; before law it took 186 days to get authorization; after law it takes 161 days. 2. Guide to Construction Law issued to go along with seminars, roundtables 3. RIA showed \$6 million savings
Regulatory Reform Working Group Secretariat funded by World Bank; meets weekly and reports to the Ministry of Economy	<ol style="list-style-type: none"> 1. 96 acts issued by public authorities were considered null and void by Guillotine 2+ process. After complete inventory of 400 acts by 55 authorities this was reduced to 272. 2. BIZTAR helped build awareness for stable banking system 3. RIA undertaken and required by State Commission 4. National Commission (Deputy Ministers) will not move law forward without Working Groups approval

Moldovan Counterpart	BIZTAR's Accomplishment/Results
Moldovan Customs (provides 60% of income to State Budget)	<ol style="list-style-type: none"> 1. Gap analysis completed to harmonize the 400 articles of the Moldovan customs code with provisions of Revised Kyoto Convention. Very pleased with Nathan's consultant, Patricia McCulley. 2. Worked with BIZTAR on Risk Management 3. Need to improve WB ranking of 144 for Trading Across Borders
One Stop Shops	<ol style="list-style-type: none"> 1. Drafted OSS law; expected passage 2011 2. 15 OSS set up, many by BIZPRO. 4-5 operational today. Success dependent upon support of local authorities, turf wars, and functions vary greatly 3. Can help implement pilots when new law is passed.
National Social Insurance House (Moldovan Pensions)	<ol style="list-style-type: none"> 1. Access for both business and citizens to their individual pension accounts 2. Registry for current account; conducted awareness campaign 3. Website improvement and access to business and citizens 4. 2009 survey re business satisfaction; wanted consolidated Registry
Public Awareness Effort with Business Community, Chambers, Rayons, Think Tanks, Global Donors, Am Cham, Embassies, Sector Business Associations.	<ol style="list-style-type: none"> 1. Quarterly BIZTAR Newsletters 2. Regional Partners and Forum 3. Seminars/Roundtables 4. Developed Plan for STS
Improvement of Moldovan's Business Environment, as indicated by World Bank Doing Business Survey	<p>Although Moldova's 2011 ranking increased from 87 to 90, World Bank's Press Release from Chisinau office emphasized that 3 reforms (new construction law, new law on judicial executors, and OSS at Chamber of State Registration) were not taken into account in 2011, but would be in 2012. US Embassy also expects improvement in 2012. BIZTAR worked with World Bank on Construction Permits Indicator, Starting a Business Indicator and Protecting Investors Indicator (wrote report in 2009) and worked alone on Paying Taxes Indicator and Trading Across Border Indicator.</p>
Registration Chamber	<ol style="list-style-type: none"> 1. Time needed to start a business 2. Elimination of steps 3. Electronics linkage established with CNAS
Bureau of Statistics	<ol style="list-style-type: none"> 1. Consolidated Code (for businesses) for Registration Chamber 2. Did survey for them and cancelled 11 unnecessary reports 3. Study Tour to Romania. Statistically reliable sample of companies for reporting undertaken resulting in reduction of number of companies from 27,000 to 11,000 needing to report 4. Connected all Statistics Bureau offices in region to high speed internet
E-Government Project of Government of Moldova	<ol style="list-style-type: none"> 1. Starting work on below services for all Ministries for all services of government:

Moldovan Counterpart	BIZTAR's Accomplishment/Results
	<ul style="list-style-type: none"> • On line business licensing • On line business registration • On line e-procurement <p>2. Project has just instituted Chief Information Officer/IT Manager in each Ministry with ties to E-Government Project.</p>
Ministry of Economy, Department of Business Climate Improvement	<p>1. Worked with BIZTAR on G2+, OSSs, Construction Law, Reg. Reform Working Group</p> <p>2. Customs Brokers Licensing Law Improvement</p> <p>3. Feasibility Study on Consolidated OSS functions</p>

4.3 Findings and Observations

1. Although there are many regulatory reforms, little attempt has been made to monetize the results, even though this is often a very effective way to communicate the regulatory reform results to the business community, political leaders and the general citizenry. The Evaluation Team found only one attempt to monetize savings due to the new Construction Law.
2. More efforts should be made to link many of the IT consolidations and innovations to increased transparency and less corruption with the reduction in the time and money businesses can save when they need to interact less with the supervising authorities.
3. OSS consolidation and coordination, as described in the pending OSS law now in the Parliament, along with the administrative reforms envisioned by the Business Environment Department of the MoE, should add to the uniform improvement and revitalization of the OSS system. Two of the OSSs visited by the Evaluation Team - Orhei and Singerei - confirmed this view and eagerly awaited the passage of the law.
4. As previously noted, many of BIZTAR's achievements in the Regulatory Reform Component were planned in the various reporting documents; however, many were *ad hoc* requests by the GoM. The fact that these *ad hoc* requests were made indicates a level of trust and belief in the flexibility of the BIZTAR Team.

5.0 EVALUATION OF TAX ADMINISTRATION COMPONENT

5.1 Quantitative Data Evaluation

The activities in this section are described in detail to reflect the expected outcomes within the above-mentioned time-frames.

5.1.1 Simplified Tax Reporting Requirements

Background

According to BIZTAR's January 2008 Work Plan, there were two specific result areas within this activity that were to be addressed by the project: 1) reduce the number of tax payments for businesses; and 2) reduce the number of hours for individuals to prepare and pay taxes. These

objectives were subsequently upgraded in the 2010 PMPs to consider a sub-activity on combining payroll taxes for which two additional results were specified: 1) the preparation of a concept paper to be presented to the MoF; and 2) a law being adopted to combine payroll taxes. The ultimate beneficiaries of these initiatives would be businesses themselves who would be able to generate savings and spend less time on bureaucratic procedures with regard to tax calculations and payments.

BIZTAR's Performance

To date, BIZTAR has not been able to submit the suggested concept paper to the MoF who indicated that it was not needed. This clearly impacted on any opportunity to have the associated legislation to combine payroll taxes introduced. No specific reason was provided for this lack of progress regarding payroll taxes but MoF has included aspects of this subject in its "STS Development Plan for 2011-15" prepared in 2010. It is very unlikely that the issue will be resurrected before the end of BIZTAR's current remit in September 2011.

In terms of making life easier for businesses to pay taxes, BIZTAR has been active and successful in collaborating closely with key local counterparts including FiscServInform - responsible for the administration and maintenance of the IT systems connected with electronic reporting - to influence the implementation of required changes in the tax payment process. The introduction of a downloadable tax declaration software reporting system by BIZTAR has resulted in *Declaratia Rapida* being universally acknowledged in most Moldovan circles (public and private) as a significant step forward towards a more effective system of self-assessment by taxpayers in the spirit of voluntary compliance. The rationale for this legislation is to provide an effective electronic medium for taxpayers (individuals and enterprises) to calculate and submit the relevant (bar-coded) tax documentation online, thus avoiding unnecessary paperwork and time wasted going from one administrative office to another for official stamps. This is a free service for taxpayers as an incentive to convert from the traditional "paper trail" of tax documentation to be submitted to the authorities. FiscServInform, which administers and maintains the IT application processes and procedures on behalf of the MoF, can therefore track and record the number and frequency of tax applications and submissions via *Declaratia Rapida*.

It is worth noting here that the Evaluation Team became aware of a *Declaratia Electronica* that had been introduced earlier by a UNDP-funded project based on the use of an electronic signature (e-signature) in tax reporting documents by subscribers. The method adopted under this (non bar-coded) process is based on the taxpayer downloading and submitting tax documentation online with the e-signature, reviewed on receipt by the tax authorities and checked for mistakes before being returned to the sender as approved for payment. Unfortunately, it appears that such a system is in its infancy in Moldova with some resistance by companies to apply for the necessary e-certificate from FiscServInform to activate this method of tax reporting. However, the Director of FiscServInform advised the Evaluation Team that the ultimate aim of the department was to integrate both methods into one fully electronic version that incorporates current accounts and a case management system and suggested that he would seek further assistance from BIZTAR for this endeavor.

In addition, the BIZTAR team has prepared and distributed for review a number of briefing papers such as the "Report on the Analysis and Review of Tax Reports Under the Terms of Simplification and Unification and Their Improvement" published in October 2010, which was supported by the MoF and included in draft amendments to the Tax Code.

In terms of the number of hours needed by businesses to prepare and pay taxes, the only official reference to performance on a year-by-year basis is the World Bank's Annual Doing Business rankings. According to its 2011 report, a business in Moldova spends 228 hours dealing with tax payments and needs to complete 48 documents in the process. Tracking overall performance, under the heading "Paying Taxes," Moldova has made some progress moving from 123 to 101 in the rankings. The BIZTAR team has also estimated that it requires an accountant between 120-140 hours to complete reports on behalf of clients. This should be reduced by 30% with the transition to electronic declaration.

BIZTAR does suggest in its November 2010 PMP that the project would conduct its own assessment of the time required to pay taxes in order to determine the extent of any correlation between payment of taxes procedures and BIZTAR's initiatives such as the Declaratia Rapida. The Evaluation Team was not able to ascertain when or if this might happen. However, it seems a constructive step towards verifying the efficacy of the Declaratia Rapida, the results of which could be discussed with the World Bank and Price Waterhouse Coopers, which officially measure "Ease of Paying Taxes" with a view to contributing towards the Doing Business rankings.

Conclusions

It is clear from reviewing the available BIZTAR reporting documentation since the start of the project in September 2007 that a significant amount of time has been spent in the gathering of information, analysis of data, establishing working relationships with local counterparts, partners and key stakeholders and preparing draft reports and briefing papers for consideration by the MoF and its State Tax Inspectorate (STI) for subsequent action leading to legislative approval. This is, however, an extremely complex subject matter with an indefinite time span for Moldova to reach the position of being in harmony with international standards. BIZTAR, though, based on the evidence available to the Evaluation Team, appears to have met its obligations in this tax reporting debate. Section 5.2.2 below elaborates further on the views of the beneficiaries and other stakeholders on the same issue. In its most recently available Quarterly Report, for the period October - December 2010, BIZTAR indicates that 7800 taxpayers have used the Declaratia Rapida at least once. MSTI and FiscServInfirm have started training businesses on its use and both these organisations have begun promoting the Declaratia Rapida module, which enables extraction of data from accounting software.

5.1.2 Improved Taxpayer Services

Background

The original January 2008 PMP had only one indicator under this activity, namely, "Percentage reduction in the number of firms reporting bribery in contacts with tax authorities." No targets were set for this indicator for the entire duration of the project so there has essentially been nothing to evaluate. Its reason for inclusion in the PMP seems to be that BIZTAR wanted such data to be included in the World Bank's Annual Cost of Doing Business Survey. The Evaluation Team has been unable to verify this. By 2010 several additional result indicators were added to this activity (see Table 2 above for list) and these are commented upon below.

BIZTAR's Performance

The first of these additional 2010 result indicators focused on the ***accessibility of online taxpayer current accounts by taxpayers themselves, the STS and other government agencies***. This would specifically be measured by the number of businesses having e-certificates issued by FiscServInfirm and the number of companies and individuals accessing MSTI current accounts.

The e-certificate facility was only started in March 2010 by FiscServInform. For 2010, a target of 3000 was established. No figures are available for the entire year but 2000 e-certificates had been issued by April 2010. No figures have been established for 2011.

No information is available on the issue of quantifying how many individuals and businesses have accessed their current accounts online via the taxpayer portal website. BIZTAR advises that this information should become available in June or July 2011. In the PMP of November 2010 a target of 2000 was set for 2011, although in BIZTAR's Annual Work Plan for October 2010 to September 2011, a target of 5000 was indicated. In either scenario, this will only be known at the end of the project; therefore, it cannot be commented upon in this report.

The next main result indicator was that ***GoM's STS Institutional Development Strategy would be updated by the end of 2010.*** "The Development Plan of the STS for the years 2011-2015" was in fact approved by GoM and sets out the development priorities for tax administration in the Republic of Moldova along with general and specific goals needed to achieve these priorities. The plan is elaborated in the context of ongoing national reforms and builds on the main activities of the Government as included in the National Development Strategy for the years 2009-2013. It also takes into account the provisions of the Medium-Term Expenditure Framework, the Economic Stabilization and Revival Plan, the Action Plan for the Implementation of the Economic Stabilization and Revival Plan for 2009-2010, the Action Plan for the Implementation of the Government's Activity Program, "European Integration: Freedom, Democracy, Welfare," laws governing tax field, the recent national and international best practices in the area, and the IMF recommendations. To all intents and purposes BIZTAR has accomplished its goal.

The final result indicator for consideration was associated with ***Taxpayer's Rights***. In short, a Taxpayer's Charter was to be published and disseminated. According to BIZTAR, this objective was first suggested in 2009 but STS was not ready to consider it further at that time. Since then, the matter has been pursued by both BIZTAR and MSTI and a draft document was issued in August 2010: "Taxpayers' Charter – Rights and Obligations." It is currently under review by the GoM with the hope that it will be adopted in April 2011.

Conclusions

The improvement of services to taxpayers has clearly taken time to get out of the starting blocks, in particular with respect to the ease with which individuals and businesses have access to data and information regarding their specific tax related circumstances. In addition, Moldova does not have a reference point for citizens in terms of understanding their rights and obligations with respect to taxation. Furthermore, the concept of being able to submit tax declarations online is a fairly recent phenomenon in Moldova for everyone so any contribution to the debate by third parties is always going to take time for policy makers and associated authorities to digest and consider prior to any new initiatives being implemented or legislated upon.

In the period of time within which these issues have been actively tackled by BIZTAR, starting mainly in early 2010, the project has accomplished two primary objectives: 1) the approval and publication by GoM of "The Development Plan of the State Tax Service for the Years 2011-2015"; and 2) the preparation of a Taxpayers' Charter for citizens in Moldova. The project has also worked closely with FiscServInform resulting in the process of e-certificates being issued to businesses to enable electronic tax submission based on Declaratia Rapida online software system.

5.1.3 Improved Effectiveness of the Audit Program

The Evaluation Team was unable to find any reference to this particular issue in any of the Quarterly Reports where one would expect to see comment in terms of whether results had been achieved. Table 2 above highlights this in the appropriate sections. In mid-2010, an objective entitled “**Improved Tax Audit (Inspection) Procedures**” was added to the BIZTAR’s SOW. This section of the report therefore confines itself to this activity.

Background

The objective was introduced to improve tax inspection processes with the ultimate aim of reducing tax evasion. BIZTAR’s plan is to offer new proposals to MSTI focusing on new methodologies to improve compliance of personal income tax by higher income individuals. This would also include the integration of the computerized case management system with the taxpayer current account system. No specific targets or deadlines were established for these objectives other than they would occur in 2011.

BIZTAR’s Performance

In 2010, BIZTAR prepared a briefing paper entitled “Recommendations for selecting taxpayers for actual (on-site) tax audits.” Unfortunately, the paper is not attributed to a particular author or date referenced nor is there any indication who the intended recipients were or whether they received it (and/or commented on it). According to the BIZTAR Quarterly Report October – December 2010, the MSTI case management system software was delivered to MSTI and FiscServInform for testing – it was anticipated that tax officials would start testing in February but this has not happened yet following the Evaluation Team’s discussions with FiscServInform. Development and testing of the taxpayer current account has also been delayed due to internal issues within MSTI.

Conclusions

The Evaluation Team has concluded that the issue of Tax Audit remained dormant until mid-2010, when it was re-introduced under another heading. Essentially, it is only possible to evaluate and comment on what BIZTAR indicated was planned from that time onward as per 2010 PMPs and Work Plan October 2010 – September 2011. To that end, the above mentioned paper on proposals for tax audits, which dealt with tax evasion, was prepared. A proposal on improving tax compliance was indicated but this has not been seen by the Evaluation Team. The integration of the computerized case management system with the taxpayer current account system has not happened – FiscServInform commented on this and this is referred to in 5.2.2 in more detail.

5.1.4 Improved Tax Appeal Process

Background

The original indicator under this activity referred to the “ *percentage of post-administrative appeals that taxpayers take to tax courts.*” Targets were set for the first three years (see Table 2, above) but the Evaluation Team was unable to find any specific mention of results in the Quarterly Reports.

BIZTAR’s Performance

Several short-term consulting assignments on behalf of BIZTAR were commissioned to offer proposals on the tax appeals process issue. In June 2009, workshops were held with Tax Appeal

Inspectors and for the Head of Appeals Section, Tax Anti-Fraud and Appeals Division of the MSTI. During an earlier mission in August 2008, the same advisors analyzed several provisions of Moldova's Tax Code associated with tax audit acts of Control Audit Inspectors and the appeals filed by taxpayers in disagreement with the tax audit acts.

Recommendations were made regarding several changes to certain provisions of Moldova's Tax Code associated with tax appeals to make the corresponding provisions more consistent with international models, including corresponding provisions of the "IMF's Model Tax Code." Also, in July 2009, a BIZTAR-commissioned report on "Tax Appeals Interviewing and Negotiations Training; Development of a Concept for the Development of Case Management System for Tax Appeals" was prepared. While these initiatives did not have a direct impact on the pre-determined original targets, they appear to have laid the groundwork for the revised activities envisaged in the 2010 PMPs, when the main indicator changed to "***number of instruments adopted by STS to improve tax appeals.***" The focus of this activity was on BIZTAR proposing six basic reforms to the prevailing tax appeals system.

Below is a summary of the project's progress regarding these reforms, prepared based on BIZTAR's November 2010 PMP and Quarterly Report for October – December 2010:

1. Expanded time to prepare a tax appeal (*included in a revised Tax Code adopted by Parliament in early 2009*)
2. Separation of tax appeals from tax fraud organizationally within MSTI (*implemented by STS in 2010*)
3. Delegation of authority to negotiate low value tax appeals (*requested by MSTI in 2009 but rejected by the new leadership in 2010*)
4. Implementation of a tax mediation system (*requested by MSTI in 2009 but rejected by the new leadership in 2010*)
5. Implementation of an advance ruling system (*requested by MSTI in 2009 but rejected by the new leadership in 2010*)
6. A computerized Case Management System to facilitate document access and case management (*not yet implemented*)

Conclusions

The issue of tax appeals has evolved from the original planned activity. Whilst it has not been possible to verify whether any of the initial annual targets have been achieved *per se*, it is clear that significant steps were taken by BIZTAR in terms of trying to clarify the appeals system and to suggest recommendations aimed at facilitating that objective, particularly for MSTI. When the indicators were revised in 2010, focusing on actions needing to be taken by MSTI with respect to reform, there were mixed results as highlighted above. The fact that some BIZTAR-suggested reform initiatives were in fact implemented can be regarded as a success for the project, given the emotive nature of tax appeals as viewed by the tax authorities and, of course, taxpayers themselves.

5.1.5 Tax Fraud Prevented

Background

Originally dealt with issues related to VAT and personal income tax (PIT). By 2010, the indicators had changed to ***new methodologies to identify and prevent tax fraud by 2010***, with

BIZTAR proposing a number of new instruments to be adopted in order to improve tax fraud inspections and investigations.

BIZTAR'S Performance

With regard to the original January 2008 PMP indicators, the Evaluation Team was unable to find any reporting in subsequent Quarterly Reports referring to the pre-determined targets relative to tax fraud. Later, in its Quarterly Report October – December 2008, BIZTAR reported that, together with the STS Fraud Appeals Unit, an analysis of detection, prevention, investigation and prosecution systems and policies in Moldova - which included a phased plan of action to implement improvements - was prepared. In 2009, BIZTAR produced a paper on tax evasion – “Recommendations for Tax Evasion Detection Inspections” - pursuing the theme of improved inspection procedures to reduce tax evasion. According to BIZTAR, between 2008 and 2010, all attempts to have recommendations considered for implementation were rejected by STS, commenting that, by then, STS had elected to work exclusively with Dutch technical assistance on tax fraud (not verified by the Evaluation Team).

Conclusions

This activity appears to have been fraught with difficulties from the beginning, with most of BIZTAR's attempts at influencing the STS through various recommendations over time not being fulfilled. It is not possible to ascertain the reason for this; however, given that tax administration reform is a long-term scenario, perhaps a regrouping of thoughts on how to proceed might be addressed by any future possible follow-on project.

5.1.6 More Efficient and Effective Collection of VAT at Customs

Background

This objective was added to the BIZTAR's SOW in mid-2010 with two indicators: 1) *the amount of VAT collected annually by Customs; and 2) program to reduce corruption completed*. The impact of both with regard to Customs collection is not expected till 2011 and will be dependent on Customs' willingness to take the necessary actions required to reduce corruption.

BIZTAR's Performance

In the Quarterly Report October – December 2010, under the “Modernization of Customs” objective, reference is made that “BIZTAR worked (and will continue to work) with customs staff to update and move forward with action plans to make improvements in the areas of risk management, integrity, and regulatory problems.” There is no specific mention of VAT related issues under Tax Administration Reform although the connection is clearly implied. According to the BIZTAR Work Plan, October 2010 – September 2011, two international customs experts worked with Customs in June and July 2010 on risk management, implementation of an AEO Program, and on a plan to strengthen integrity and reduce corruption. In addition, a 12-month risk assessment plan, with 5 key milestones, was developed by the Risk Management Unit with input from BIZTAR specialists and adopted by the Director General. In its Quarterly Report of July – September 2010, BIZTAR confirms this but also indicates that Customs has not considered action plans to strengthen integrity or implement an AEO. Pursuant to this, BIZTAR proposed a draft action plan with 7 key milestones for consideration by Customs. There is no timeline in any of the reporting documents as to when this might be followed up.

Conclusions

The issue of collection of VAT at Customs is without doubt one of the most challenging issues faced by governments worldwide today not least because of the problems associated with it and often lack of political will to tackle the underlying problem of “institutional” corruption. BIZTAR’s inclusion of such an objective in its final year of the (extended) project is, therefore, commendable even though the possibility of evaluating any form of success will only be likely after the project has ended. Some steps have certainly been taken by the project team to influence the MoF with recommendations being made on how to tackle corruption but till now progress has proved elusive. It is an issue that will not go away, of course, and could form part of any future possible follow-on project to BIZTAR. During the course of the Evaluation Team’s investigations, BIZTAR advised that an international expert would be returning to Chisinau in May or June 2011 to conduct an evaluation of the Customs Code apropos the Kyoto Protocols. Therefore, BIZTAR still remains active in this area. The Team is also aware that the current COP has submitted suggestions to USAID to remove all work with Customs for the remainder of the project with the exception of the issue of Customs Brokers (see the Evaluation Team’s response to this in Section 7 below).

5.1.7 Improved Fiscal Policy

Background

This objective with 3 sub-activities was added to BIZTAR’s SOW in mid-2010. The subactivities were:

1. Improved formulation of tax policy
2. Re-establishment of a Corporate Income Tax
3. Fiscal Policy Unit strengthened

The main indicators are defined in quantitative terms as follows:

1. Number of policy reforms/regulations/administrative procedures for which implementation has begun
2. Number of policy issues analysed in Year 4
3. Number of personnel in fiscal policy trained

There are no discernible targets set for these activities except the number of personnel in the Fiscal and Customs Policy Analysis Unit to receive training from BIZTAR. The purpose of the proposed interventions is to assist the MoF develop and present policy analyses especially for discussion with the general public and business communities.

BIZTAR’s Performance

According to BIZTAR’s planning and reporting documentation, these activities are scheduled for 2011 although no specific deadlines are indicated. As far as can be determined from the Evaluation Team’s discussion with MoF on these issues there has been little movement in this direction. This is elaborated further in section 5.2.2 below, as part of the qualitative aspect of this report.

5.2 Qualitative Evaluation

This section further elaborates on information and data that has been acquired for quantitative analysis through interviews and discussions with key players in Moldova with an interest in tax

administration reform either directly (including other donor programs) or indirectly (including intended BIZTAR beneficiaries such as businesses and industry associations).

5.2.1 General Perception of BIZTAR

From discussions and interviews with project counterparts, partners, beneficiaries and other concerned parties including industry associations and some local enterprises, it was evident that BIZTAR's contribution to tax administration reform was long overdue and essential for Moldova. There was general consensus that any move towards removing bureaucracy, reducing corruption and creating a level playing field for businesses to operate without unnecessary hindrance from the state was to be commended. Considerable time and effort has been attributed to tax reform by BIZTAR to date, including the addition of some activities and initiatives for the final extended year of the project relative to what was originally planned back in 2007.

Clearly the passage of time influences events and Moldova has had its share of political instability and economic downturns like other emerging nations. Despite this, BIZTAR has certainly added to the debate in moving tax calculation and collection away from paper trails towards online submission and feedback on dedicated websites and portals. That said, a perception exists in some quarters that, whilst the race has started and participants are half way down the track, the finishing line is becoming slightly more distant than anticipated. Comments in 5.2.2 below further elaborate on this point of view. In summary, feedback is generally positive but more help is needed for those with the baton but unsure of how to run with it.

5.2.2 Review of Individual & Collective Observations

The following comments and observations were gathered from discussions with key players connected with tax reform.

MSTI

MSTI personnel advised that BIZTAR has had a positive impact on the business environment, especially with the introduction of the Declaratia Rapida. They were initially concerned that progress was slow but happy that in the last 18 months the project has been more active. In particular, BIZTAR was still working with them in three areas on pilot programs: tax current accounts; case management; and automatization of VAT. They were also happy with BIZTAR's training of Tax Inspectors. MSTI also indicated that they were working on EU Accession activities and were preparing a calendar of events on VAT directives and excise duties.

Work on income tax, although required, had not yet begun. Interviewees suggested that a follow-on BIZTAR-type project could assist with the directives and also in the organization of a round table with the World Bank and International Finance Corporation (IFC) to discuss funding of additional IT support. In addition, MoF was interested in more help with Tax Policy Analysis via long-term support, in particular with the development of procedural guidelines. This request was apparently forwarded earlier in the project but was rejected at the time. Further BIZTAR's support on help with the development of a methodology for the elaboration of simulation models was also suggested along with training of personnel in testing the models.

In general, MoF believed that BIZTAR's collaboration with MSTI was positive but emphasized that more work needs to be done regarding the implementation of tax measures. They would be happy to meet with and discuss these initiatives with any future possible follow-on project (assuming it continues working with them) to determine how they and other donors, including

SIDA, could cooperate.

FiscServInform

Discussion with the Director of FiscServInform focused mainly on the IT aspect regarding the implementation of online tax administration. Explanations were provided as to how BIZTAR worked with his department on tax reporting via Declaratia Rapida. FiscServInform is essentially an application service provider for MTSI but is also able to charge fees for services to other government agencies. They have main divisions:

1. Maintenance of existing tax systems: 42 area networks in the country, 5 in Chisinau, 2300 computers, 65 servers, 5 applications, cloud computing
2. Development of new concepts for new tax systems based on new technologies
3. Data Entry and Processing - 60 operators for Taxpayers and Tax Inspectors – includes Archives for future use. Documents are assimilated manually first then transferred to Archives. Files can be accessed if requested by Tax Inspectors
4. Information Services for Virtual Citizens – OSSs: using Declaratia Rapida
5. Logistics/Administration

FiscServInform worked closely with the previous COP and local expert on current accounts and case management system with respect to Declaratia Rapida. It collaborated on joint promotions and seminars. FiscServInform would like to move forward more quickly towards increasing transparency and reducing corruption, both of which would lead to an increase in budget funds. Emphasis of future assistance could be on improving the quality of imported data and the quality of data analysis. Suggestions were also made that the OSS in Chisinau should operate with a view to collecting taxes from people who cannot or will not use online submissions. This, of course, will require much more public awareness activity especially among the 30+ age group.

One of the main issues concerning FiscServInform regarding BIZTAR's work with them was that the project did not allocate a qualified person to work with them on a longer term basis to implement agreed objectives, resulting in a lack of progress in reform areas deemed important. BIZTAR's argument is that they do not have the HR resources for this. The Director suggested that this was an issue that might be addressed by USAID in any future possible follow-on project if further support was envisaged for FiscServInform.

Moldova Rapid Governance Support Program (MRGSP)

Discussions with the Program Director focused on the importance of electronic tax filing with respect to the overarching issue of e-governance. He mentioned BIZTAR's collaboration with MRGSP on Bar Code Reading Equipment in September 2010. He expressed the view that there was synergy between BIZTAR and MRGSP, whose project ends in November 2011. The only major issue discussed on tax was the need for any future possible follow-on project to help local authorities with the collection of tax revenues for land, possibly via capacity building measures.

IMF

The Evaluation Team also met with the Resident Representative of the IMF to ascertain his views on tax administration reform. He commented that BIZTAR had a much more narrow focus of tax reform rather than considering issues at a macro-level, which the IMF has largely been concerned with. His view was that the current IT system tasked with operating and maintaining tax administration in Moldova was outdated and essentially impossible to upgrade. Instead the IMF is

concentrating on the development of an overall strategy for the MoF on tax administration reform as defined in their report, “Moldova State Tax Service Development Plan, 2011-15,” published in 2010. In another paper, “Moldova - Strengthening Compliance Management,” published in February 2010 by IMF’s Foreign Affairs Department (FAD), attention is drawn to progress to date (or lack of it) regarding tax collection and compliance in Moldova in recent years. This report interestingly refers to progress in the way taxpayers can now submit personal income tax returns electronically and receive other tax administration services through the Internet.

In addition, it refers to a pilot system for returns processing using bar codes, having been implemented, unfortunately, with low take up rates on these systems. No mention is made of BIZTAR’s work in this area especially regarding Declaratia Rapida which essentially pioneered the online submission of tax returns. It was clear from discussions that there was an implication that the IMF was more interested in collaborating with SIDA, especially on IT reform of tax administration including the development of an IT strategy. Given this point of view, it would be more than useful for BIZTAR now, or in the future, to ascertain exactly what the IMF intends in this area in order to avoid donor duplication or providing mixed messages to the MoF on what needs to be done and when. USAID might also want to follow-up on IMF and SIDA intentions prior to any future possible follow-on project being designed.

SIDA

Based on a 2009 request from the PM, starting in early fall 2011, SIDA is planning approximately a 2 million EUR project for Tax Inspectorate, which will:

- Update Institutional Development Plan in line with IMF “Plan for Strategic Development of Tax Inspection” (funded by WB OPAR Trust Fund)
- Concentrate on Voluntary Compliance with Tax System, emphasizing assistance rather than punishment, using EU/Swedish model since the 1970’s which has only 5% of taxpayers in “grey” zone. There will be many STTA’s and will have permanent advisor in Moldova here to manage them
- Tax Auditing: Techniques to select, manage and increase contributions from audits dependent on risk assessment. Will write audit manuals and handbook, training and training of trainers (TOT), public awareness. Will develop internal strategy and communication campaign

Regarding the IT aspect, SIDA plans to contribute to the overall IT platform about 10-15 million EUR. Regarding the Regulatory Reform Working Group’s Secretariat, it was anticipated that an EU Comprehensive Institutional Building (CIB) project would provide further funding to ensure continuity. This response verifies the IMF’s position referred to earlier. Any future possible follow-on project should collaborate closely with SIDA’s intentions to ensure the beneficiaries receive non-conflicting or duplicated planned initiatives.

5.3 Findings and Observations

In terms of how all of the above activities and interventions have contributed towards BIZTAR’s overall goal of aligning itself with the World Bank’s Annual “Ease of Pay Taxes” indicator, it can be argued that results have been mixed. Moldova dropped from 102nd to 106th place in the world rankings between 2010 and 2011 although it did improve overall between 2008 and 2011 by 22 points. This does not reflect the true picture as other factors clearly have an impact on how those statistics are determined. Nor does it take into account the initiatives already taken by BIZTAR (as mentioned above) that have clearly added value to Moldova’s move towards a “paperless” method

of tax reporting, especially for businesses through online tax calculation and submission. Therefore, whilst the World Bank's rankings are important, they do not appear to represent the sum of the parts including BIZTAR's contribution to tax administration reform and should not necessarily be the only parameter against which BIZTAR's performance in this area should be measured.

6.0 ILLUSTRATIVE QUESTIONS TO BE ANSWERED

Q1.	<p data-bbox="289 428 1453 499">How have activities under each component and results area contributed to the accomplishment of the project's goals of improving the business enabling environment?</p> <p data-bbox="289 516 1453 1136">The project has without doubt contributed to its overall aim of simplifying life for businesses to operate in Moldova through regulatory and tax reform measures starting with legislation such as the Construction Law and implementation of Declaratia Rapida. A significant number of additional reports, studies and papers have contributed towards the debate and in some cases been adopted by the beneficiary organizations in question all with a view to reducing bureaucracy and upgrading working practices in line with internationally accepted standards. However, this has to be tempered with the points of view of some taxpaying individuals and businesses in Chisinau and in the regions whose position appears to be that whilst changes were definitely required, their implementation was often too difficult to follow and thus had limited impact on their personal circumstances. Discussion by the Team with stakeholders, such as Chambers of Commerce, other Business Associations, Think Tanks, OSSs, other government organizations, private businesses, etc. indicated that while BIZTAR's outreach in the last 2 years was substantial, it was not complete and the impact is therefore hard to judge. All stakeholders agreed that the implementation of many of these regulatory reforms, both laws and regulations, take a longer horizon and that the overall goal to improve the business enabling environment in Moldova was met.</p>
Q2.	<p data-bbox="289 1157 1453 1228">Have the quantitative and qualitative targets under the contract under these components been accomplished?</p> <p data-bbox="289 1245 1453 1864">To a degree. The first thing to note is that indicators, results and activities have been added, revised, updated or removed from SOWs, Work Plans, PMPs and Quarterly Reports during the lifetime of the project (itself extended by 1 year from September 2010 to September 2011). A complete breakdown of BIZTAR's performance has been elaborated in the relevant tables and text above in the main body of the report. In summary, several major results have accrued due to BIZTAR's interventions under the quantitative component where actual results have been compared with what was originally or subsequently planned. Table 1 above highlights overall results from the Team's analysis of year-on-year performance as outlined in Table 2. In terms of qualitative targets there is clear evidence provided by the direct beneficiaries and key stakeholders that BIZTAR has been a major asset to the regulatory and tax administration reform process. For the most part, they have been complimentary with positive comments and suggestions as to how a follow-on project might contribute to the main issues at hand. In rarer cases, there has been some criticism that BIZTAR has not collaborated closely enough with other donors to avoid duplication of effort and in others that BIZTAR has started a process 'out of the starting blocks' but not gone the full distance in crossing the finishing line. The OSSs is a case in point although initially started by BIZPRO.</p>

Q3.	<p>Were there unintended results of the BIZTAR project which were not foreseen in the project documents and for which results were not captured by monitoring effort?</p> <p>Some of the unintended consequences of this project were due to several factors:</p> <ol style="list-style-type: none"> 1. Additional funds that came into the Mission and were allocated to BIZTAR for additional purposes. 2. Changes in the PMPs. 3. Ministry's requests for certain initiatives, such as Concept Paper on Closing a Business/Insolvency, Concept Paper on Investor Protections, Concept Paper on Establishment of OSS at Chisinau Mayor's Office. 4. Adjustments in the IT field, based on need to fix systems after they have been announced and delivered, common in any IT project. 5. The uneven attention to the Customs issue, including most recent add on, requested by MoE to deal with the licensing issues of Customs Brokers and Licensing Chamber, which the current COP has recommended and which the Team agrees with.
Q4.	<p>What were the major impediments to the activities in the BIZTAR project, if any, and if there were such impediments how were they overcome?</p> <p>It is possible to argue that political instability, changes in leadership of beneficiary organizations and lack of will to implement planned initiatives on the part of some parties, affected the delivery of planned interventions. Any large complex IT program will require adjustments, but BIZTAR appears to have been suffering from a combination of lack of staff motivation prior to the current COP, and a lack of cohesion in its activities due to many different management styles. There was no team spirit motivation from the management. There are indications that some lack of balance existed between BIZTAR's salaries to the nationals on staff and the prevailing salary range paid to the nationals in other donor projects, leading to some staff exits. Without any formal M&E mechanism to measure performance on an ongoing basis (at least for the first three years) it was relatively easy for the team to lose focus and on occasion to 'shift the goalposts' if deliverables were deemed complicated or difficult to achieve.</p>
Q5.	<p>How receptive are decision-makers and officials in key offices with which BIZTAR has been involved to the proposals that have been developed through the BIZTAR? If they are not as receptive as expected, why?</p> <p>From interviews held with the main beneficiaries it is possible to conclude that for the most part proposals emanating from BIZTAR were well received and certainly deemed worthy of consideration by the recipients. Evidence of this is the fact that some of these proposals ultimately led to changes in legislation or the introduction of new laws e.g. Law on Construction and Declaratia Rapida. These were major breakthroughs in Moldova in their respective fields and would not have occurred without the acceptance of key (policy) decision-makers.</p>
Q6.	<p>How effective have the proposals provided to decision-making institutions been in fostering policy changes? Has BIZTAR been able to shape the pace and direction of business regulatory reform through engagement with Government stakeholders?</p>

	<p>Further to the response to Q5 above BIZTAR was successful to a degree especially in the area of influencing tax administration policies aimed at reducing bureaucracy, red tape and corrupt practices associated with businesses calculating and paying taxes. The move towards online tax submissions is a progressive step forward for Moldova in its quest to fall in line with international standards. The Law on Construction also removed a number of obstacles for developers thus creating a more level playing field for investors. Shaping the pace of reform is harder to comment on as other players have contributed to reform in Moldova in recent years including donors and multi-laterals (World Bank, IMF, EU, SIDA et al). Perhaps a more credible position would be that without BIZTAR's input and various interventions much needed reforms would have been significantly slower or, possibly, not have happened at all. The policy changes that BIZTAR proposed to the State Tax Service, the law on OSSs, the G2+ process, the Licensing Reform, the Law on Construction, etc. helped shape the pace and direction of business regulatory reform.</p>
Q7	<p>How has the BIZTAR project's focus on improved Doing Business rankings contributed to the overall goal of an improved business enabling environment?</p> <p>This is a contentious issue as it is extremely difficult to verify the existence of a direct correlation between BIZTAR's work and the World Bank's Annual Doing Business rankings as defined by the indicators in their surveys regarding business performance. The issue therefore of whether the World Bank's Annual Doing Business rankings should be the only measure of whether or not significant steps have been taken by Moldova to improve the business environment is open to question and this is reflected in the Team's conclusions and recommendations.</p>
Q8.	<p>Have public awareness activities been successful in influencing public demand for an improved business environment?</p> <p>For detailed analysis of this issue, please refer to Section 4.1.5 of this report. In the meetings that the Evaluation Team held with stakeholders, there was considerable appreciation and compliments for the BIZTAR public awareness outreach events. Although little of these accomplishments are reflected in the monitoring documents, especially in 2010 and 2011, there appears to have been a significant outreach effort made, which was successful. Monthly newsletters were also published, were of high quality and very informative. However, they did not have a wide distribution, thus limiting the project's activities and achievements from reaching a greater audience. International best practice in the area of significant regulatory reform of tax reporting practices indicates that a considerable amount of time is required for the reforms and new IT reporting mechanisms to take root. Several of the stakeholders interviewed, especially the Moldovan Chamber of Commerce, said that the training and information campaigns to the business community, the accountants and their associations, and to the public at large in Moldova must be continual over a long period of time to take root.</p>
Q9.	<p>Are the approaches to business regulatory reform undertaken by BIZTAR sufficient to lead to the project's goal of an improved business enabling environment?</p> <p>Relationship building with counterparts, partners and beneficiaries by the previous incumbent to the current COP appears to have been successful in promoting BIZTAR as a major donor project with an open agenda in contributing towards business regulatory and tax administration reform. On the other hand, the same COP's management approach may have contributed towards a lack of team spirit with individuals on the team. The current COP has only 6 months to make his mark and has adopted, not unreasonably, a "what is</p>

	<p>practically achievable” approach in the time left with the resources available. However, the team is now understaffed with some key roles no longer in situ, namely, the M&E person and the person responsible for tax issues (although she has been retained for short term inputs). The Team has no direct knowledge of the first two COPs so cannot comment. See Recommendation 3 below for further input on this issue.</p> <p>Nevertheless, by the standard of the overall 4-year World Bank ranking, by the standard of the satisfaction of the stakeholders and the client base and by the standard of the satisfaction of the major organizations representing the business community in Moldova, the BIZTAR approaches have born fruit and improved the business environment in Moldova. However, major Doing Business indicators such as construction permits and trading across borders remain negative, political turmoil still exists with the local elections coming in June of 2011, and there is evidence that there are strong cultural inhibitors to rapid IT change.</p>
Q10.	<p>How sustainable are BIZTAR results?</p> <p>In most cases, almost impossible to measure without the passage of time. However, with regard to OSSs in the regions, (such as Singerei and Orhei visited by the Evaluation Team) they are not self-funding and under-resourced to remain sustainable. Both are experiencing difficulty in attracting clients with few fee-paying opportunities available to them. Without a law on OSSs (currently in draft form), they themselves advise that they cannot survive. BIZTAR seems to have had little impact on those OSSs and visits to them have been rare. The MoE significantly appreciates BIZTAR’s help in writing the OSS law and wants very much the partnership with BIZTAR during this project, and any other ongoing project, to work on the vital implementation stage of the OSS law, how many functions the OSS’s will perform, what will be the geographic boundaries of the OSS’s and, critically, how they will be monitored. The level of trust that BIZTAR has built over the 4 years with this Ministry and the MoF is hard to measure, but clearly it exists and is high.</p>
Q11.	<p>How did DAI work on capacity building of its indigenous partners? How did DAI measure the end state? What could BIZTAR II do in future to increase the likelihood that the outcomes are sustainable?</p> <p>According to their records, a number of workshops, seminars and training sessions were delivered over the lifetime of the project with various beneficiaries, including MS TI and FiscServInform, to build their capacity to deliver reform initiatives. This has been verified by those parties and deemed extremely productive. The fact that more needs to be done due to the technical nature of legislative changes regarding IT, in particular, would suggest that further input may be required to ensure sustainability especially in the area of upgrading equipment and software for the implementation of Declarația Rapida. In the area of tax administration, MoF recognizes the need for further collaboration with BIZTAR (and the World Bank and IMF) to organize more roundtables and workshops to discuss key issues. If this cannot be accomplished within the timeline of BIZTAR, it may well be worth pursuing in any follow-on project to ensure that such a project has a voice in influencing initiatives in which it had a major role originally.</p>
Q12.	<p>Has DAI sufficiently taken gender issues into account and effectively addressed them during project implementation? How has DAI integrated gender considerations / issues into its USAID supported activities?</p> <p>Other than some relatively superficial observations made by the Evaluation Team</p>

	regarding the ratio of males to females attending seminars (project records), the fact that females appeared to outnumber males on the BIZTAR project itself and that project counterparts (MSTI, Licensing Chamber, Pension Social Fund House etc.) were well represented by female members of staff, there is no discernible evidence that BIZTAR harbored any specific gender-orientated initiatives.
Q13.	<p>Would it be important to continue with the existing project component areas in the future?</p> <p>This is a complex issue. For example, there is only so much that can be done regarding time spent on influencing legislation as this can take years to accomplish. Now is the time to concentrate heavily on the implementation of the existing reforms; however, any future possible follow-on project should definitely have the capacity to draft laws. Several stakeholders suggested having a long-term Moldovan lawyer on the staff for this purpose. Although much has been done and achieved in the area of tax administration, its importance to government income is such that further work may be required to build on progress already made with BIZTAR's input, especially in tax collection from compliant and non-compliant taxpayers. For regulatory reform activities the Construction Law has been passed and that is a major step forward. However, more public awareness is required for its implementation to be successful.</p>
Q14.	<p>To what degree has the ongoing political stalemate in Moldova been a factor in the pace of reforms in the business regulatory arena?</p> <p>One of the ramifications of political instability is that fortunes change according to the aspirations of the incumbents in influential positions and their views on whether reform is necessary or not and, if so, in what areas and to what degree. Policy-makers in Moldova tend to be based on party loyalties rather than on an individual's ability to effectively carry out the tasks of his office. This clearly had an impact on events in the last quarter of 2010 when decision-making on policy was limited due to electioneering. The pace of reform is therefore dependent on political allegiances so in that sense BIZTAR is at the mercy of whoever is in power at the time. That being said, much has been achieved in spite of such obstacles although that would depend on who you speak to and where their allegiances lie. Moldova, unfortunately, has a poor track record in embracing needed reform in a whole raft of important areas so until political posturing gives way to sound economic argument the pace of change will sadly remain slow.</p>
Q15.	<p>Did the implementing partner receive an appropriate level of support from USAID?</p> <p>It is certainly possible to suggest that had USAID not actively supported changes, revisions and modifications to Work Plans and PMPs by successive COPs, some of BIZTAR's interventions may not have taken place or been delayed. In addition, given the number of those adjustments by BIZTAR throughout the life of the project, USAID would have had to consider and given approval for their implementation. The fact that this happened on a number of occasions <i>de facto</i> indicates USAID's continuing and ongoing support for BIZTAR.</p>
Q16.	<p>How effectively has the project worked with other donor projects? Are there opportunities for greater collaboration?</p> <p>This is in fact an issue raised by most of the other donor projects in question as well as multi-lateral organizations with a "foot in the camp." There has clearly been a sharing of information and, in some cases, briefing papers and reports on issues on which BIZTAR and such parties have crossed paths such as EU-BAM (Customs), Moldova Rapid</p>

	<p>Governance Support Program (tax reform and e-governance) and the IMF (tax administration strategy). However, nearly all interviewed parties indicated that the missing link between joint initiatives being productive was that often one project had gone ahead with a particular activity without realizing that BIZTAR was also involved in one way or another. One suggestion was that prior to any possible follow-on BIZTAR project the donor/multi-lateral communities should be briefed on planned USAID proposals in advance to avoid duplication of effort or “reinventing the wheel.” The Evaluation Team was told that the 2 current vehicles for such coordination were the Regulatory Reform Working Group funded by the World Bank and reports to the MoE, and the new Coordination Task Force of the Vice Minister of the MoF. Also, the head of the World Bank-funded (\$20 million) E-Government Project serves as a vehicle for coordination, albeit in the areas focused on IT.</p>
Q17.	<p>Has the implementing partner effectively coordinated its activities with other USAID projects such as CEED?</p> <p>The short answer is that this appears not to be the case. In discussions with CEED II's COP there appeared little in the way of a meeting of minds as to how both projects could collaborate in pursuit of a common goal such as improving the business environment. This impasse resulted in almost little or no interaction between them. CEED's view is that there is a low awareness among the business community regarding BIZTAR and its activities and that CEED is more focused on capacity building of ministries in the wine, IT and textiles industries.</p>
Q18.	<p>Was BIZTAR sufficiently active under each of its components and results areas?</p> <p>This is difficult to determine mainly due to the fact that for the first three years of the project the only means of monitoring performance, namely, actual against planned outcomes, was what was reflected in BIZTAR's Quarterly Reports. With no formal M&E mechanism it would not be possible to say definitively that BIZTAR was sufficiently active or not.</p>
Q19.	<p>Did the BIZTAR project employ the right mix of personnel at appropriate levels of expertise in order to ensure success?</p> <p>With a heavy reliance on a local level of effort, finding the appropriate mix of qualified and available personnel appears to have been a major problem for BIZTAR. Locals tend to “surf” donor projects for the highest income or seek work in the private sector, if available. For BIZTAR it seems evident that some individuals had greater experience than others in managing their briefs and were more committed to delivering objectives. For others, tasks were carried out as and when they thought possible and often with no deadline in mind. Regarding Customs, there was overwhelming appreciation and praise for Patricia McCulley of DAI/Nathan who was the STTA for Customs Code Harmonization of Kyoto Accords and a strong desire (currently in the plan) to have her return to Moldova.</p>
Q20.	<p>If BIZTAR were to be continued in some format under a follow-on activity which of the original project components and results areas would merit continued support, which should no longer be supported, and what, if any, new areas should be considered for addition?</p> <p>See the response to Q13 above. One of the more contentious issues for BIZTAR has been the notion that nothing can be done with Customs except in one or two specific areas mostly due to resistance and intransigence of some of the concerned authorities. Bringing Customs into line with internationally accepted standards is vital for Moldova if the</p>

	<p>country is to have any chance of improving trade and investment opportunities and also improving its VAT collection on duties, currently being evaded or avoided. A continuation of the work already done (in collaboration with other donors such as EU-BAM) may be worth pursuing in order for the Customs issue not to drift through lack of interest. Continuation of tax reform would be highly appropriate. At the moment there are 31 key result areas, which could be rationalized to a more practical and manageable level for a follow-on project. No specific new areas have come to light but stakeholders wanted more emphasis on policy analysis, greater IT interface on all systems and platforms, and new guides to update new laws. There is a strong case for closer interaction between USAID projects such as CEED II, which after all has a direct line of access to businesses in three main industries in Molodva (wine, ICT and textiles) and whose key players would stand to benefit from understanding the concepts under discussion such as Declaratia Rapida.</p>
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7.0 STAKEHOLDERS' RECOMMENDATIONS FOR ANY FUTURE POSSIBLE FOLLOW-ON PROJECT

BIZTAR Stakeholder	Recommendations for Potential BIZTAR II Project
Main State Tax Inspectorate	<ol style="list-style-type: none"> 1. Implementation starting in January 2012 of Declaratia Rapida for all VAT paying businesses 2. Fix E Signature and other IT interfaces for feedback loop 3. Harmonization of Tax Code to global and EU Standards 4. Long Term Policy Analyst with modeling, simulation and policy analysis skills
Moldova Licensing Chamber (10,322 Licensed Companies in Moldova)	<ol style="list-style-type: none"> 1. Improvements and upgrades to Licensing Registry 2. On-line licensing application (with E-Government Project) 3. Renovate video/audio monitoring system in OSS 4. 2nd Edition of Guide to Licensing
Ministry of Construction & Regional Development	<ol style="list-style-type: none"> 1. Survey of businesses and local authorities to ascertain implementation of Construction Law 2. Improve OSSs for construction permits 3. Update guide to new law and implement awareness campaign
World Bank Regulatory Reform Working Group Secretariat (Wednesday, 2:00 p.m. Meeting)	<ol style="list-style-type: none"> 1. Permanent long term funding for Secretariat from USAID 2. Feasibility Study for G2+ and G3 3. Possible cooperation on new Company Law and new Law on Insolvency/Bankruptcy (Closing a Business)
Moldova Customs Service and EU Supporters	<ol style="list-style-type: none"> 1. Analysis of Customs Code to deal with regulations, not just laws, along with cooperation

	<ul style="list-style-type: none"> on Risk Management 2. IT implementation for border infrastructure 3. Public Awareness Campaign with targeted guides
Ministry of Economy, Business Environment Department	<ul style="list-style-type: none"> 1. After OSS law is passed, wants BIZTAR assistance in marketing and coordinating all OSSs in one rayon, including export-import procedures and public awareness campaign 2. Help in improving World Bank's Doing Business Indicators, implementation of Construction Law, and hire LT local lawyer
National Social Insurance/Pension Fund	<ul style="list-style-type: none"> 1. Improve current account IT interface with other agencies and publicize reforms in rayons 2. Need Electronic Archive with scanned documents/database
Chambers, Am-Cham, Regional Partners, Think Tanks, Global Donors, Sector Business Groups	<ul style="list-style-type: none"> 1. Chambers want consolidation of Fiscal and Customs Codes 2. Customized, regional, continual training of business groups 3. More work on Investor Protection 4. Revitalize Regional Partnerships
Moldova Bureau of Statistics	<ul style="list-style-type: none"> 1. Fix and integrate IT systems. 2. Streamline business registration process to eliminate the need to go to tax inspectorate, stamp office, internal security office and, for some taxpayers (lawyers, doctors, NGO's, political parties) the Bureau of Statistics
Moldova E-Government Project	<ul style="list-style-type: none"> 1. Wants functional coordination with USAID projects so that any future possible follow-on project concentrates on services to business, decentralization projects concentrate on services to local governments and agriculture project focus on services to agriculture 2. Priority Projects: On line business licensing; on line business registration; and on line e-procurement

8.0 CONCLUSIONS AND RECOMMENDATIONS

8.1 Conclusions

1. In general terms BIZTAR is without doubt an ambitious and challenging technical assistance

project encompassing a wide ranging scope of activities to be carried out with the primary aim of improving the regulatory and tax administration reform climate in Moldova. From the evidence, available both in quantitative and qualitative terms, much has been achieved by the project in pursuit of this objective. In real and practical terms, BIZTAR has directly influenced government policy via its contribution towards the drafting of highly anticipated and necessary legislation including the Law on Construction and Declaratia Rapida. In addition, BIZTAR has acted as a catalyst for change in a number of key areas including the preparation of tax-related concept papers for VAT, tax evasion and tax appeals. Short term inputs have also been highly productive. The project team has also worked closely with other on-going donor-funded projects and multi-lateral organizations (World Bank, IMF, SIDA, EU) in sharing information, conducting joint seminars and training sessions, etc. Due to the complexity of some project-related issues, some of the original indicators and result areas have been revised, modified or removed whilst others have been added. It can thus be argued that, for the most part, these have been positive developments where BIZTAR has identified the need for a realignment of actions to take account of prevailing circumstances in Moldova both economic and political. A degree of flexibility has therefore been demonstrated by the project in keeping its focus on track.

2. BIZTAR has been instrumental in breaking down real and perceived barriers between the GoM and its taxpaying citizens (individuals and businesses) in terms of creating an environment in which technology would allow both parties to have direct access to the other via a system of online and interactive communication. By introducing the Declaratia Rapida through encouraging voluntary compliance and by empowering citizens and businesses in Moldova to understand their obligations and rights, BIZTAR moved this process one step closer to a “paperless” system of tax payment and reporting resulting in increased income for the GoM. The technological aspect of this process is handled by FiscServInform for whom BIZTAR has provided technical assistance in various areas. The OSSs provide the medium through which the public can access the authorities for tax related issues and BIZTAR has provided some input mainly through assistance with IT software. Collectively, these initiatives by BIZTAR have contributed towards the project’s overall aim of improving business practices.
3. BIZTAR has made a number of useful proposals to the GoM, MoF and Customs officials with a view to completely realigning the Customs system in Moldova towards harmonization with internationally accepted standards. However, changes in the oversight and administration of Customs, together with a certain degree of resistance to change, appear to have prevented some of BIZTAR’s initiatives from being considered or implemented. Successive COPs appear to have come to the conclusion that meaningful progress would be difficult to achieve and have therefore been reluctant to commit further resources. Revised activities for the remainder of the project confirm this belief with minimum input envisaged by the end of the project other than further work related to the Kyoto Convention.
4. In terms of monitoring its own performance, BIZTAR did not employ any formal M&E system as a management decision-making tool for the first three years of the project, instead relying on information and data being reported in their Quarterly Reports. One consequence of this is that few in the project team were aware of what was being achieved at any given point in time except the individual carrying out his/her tasks. In addition, with BIZTAR having had 4 COPs and 3 COTRs, there was no structured reporting system in place for scrutiny by any of the above individuals when assuming their respective roles regarding oversight of the project. The

result of this was that incoming COPs, in particular, had to spend unnecessary time familiarizing themselves with activities and progress to date and acquiring a feel for the “big picture.”

5. To date, BIZTAR has prepared a number of draft PMPs for consideration and approval by USAID, either in line with the project’s obligations as specified in SOW or as a result of proposed amendments by BIZTAR itself to existing PMPs. In 2010 alone, there were 3 such PMPs (June, August and November). A final BIZTAR Work Plan has been requested by USAID for the period April – September 2011 with the assumption that this will be followed by another PMP for that period. Whilst this “paper trail” of reporting documentation has not prevented BIZTAR from carrying on with project-related activities, it has not been possible to determine against which particular PMP performance is being tracked. The Evaluation Team was also unable to source any project records of USAID approval of draft PMPs, drawing the conclusion that it was business as usual in the absence of such approval (although it is possible that this might have been given verbally).
6. In the original SOW, a number of indicators and targets were established under both the Regulatory Reform and Tax Administration Reform components. Some of those appear focused on *intention* rather than *specific and measurable result areas achievable within the lifetime of the project* i.e. “building..., identifying..., exploring..., conducting..., revitalising, etc.” Others are more precise i.e. “develop the legal framework..., build the systems to support, etc.” The result of this has been that some indicators and result indicators have had no finite timelines as is the case with respect to working on legislation as factors may be in place that could delay or postpone draft laws or amendments for, say, political reasons. This may well account for the fairly large number of To Be Decided (TBDs) and Not Applicable (N/As) that appear in successive PMPs regarding both Targets and Actual Results. This gives the impression of a sense of “openendedness” to activities where the achievement of results appears almost secondary to a tacit acknowledgement that some things may or will not happen.
7. One of the project’s original targets was to build on the work of BIZPRO’s OSSs to “strengthen the performance of regional OSS implementations... based on a clear program to foster exchange of best practices across the OSSs.” From the available evidence, following site visits to three regional locations by the Evaluation Team, progress in this respect has been slow or not at all. If the intention was for the OSSs to act as a catalyst for, i.e. taxpayers or those seeking construction permits and to help reduce bureaucratic procedures along the way, this does not appear to have happened to any great degree. The OSSs visited - Singerei and Orhei - whilst fully committed to making them operational and sustainable, felt they simply did not have either the funds or tools to make this happen. BIZTAR was credited with initial support but this appeared to drift with the passage of time. Lack of an OSS law was also cited as a reason for lack of progress in attracting sufficient clients.
8. In terms of BIZTAR’s overall performance with regard to its Regulatory Reform and Tax Administration Reform components, the main overarching indicator has been the impact that both have had on Moldova according to the World Bank’s Annual Doing Business ranking surveys including its Ease of Paying Taxes ranking. The significance of this rather narrow focus on overall performance is that the project, by default, leaves itself open to be judged by an indicator, which has been determined by the inclusion of a number of other factors

accumulated by the World Bank. Furthermore, there is no clear mechanism available to the project to calculate to what extent its contribution towards reform has directly influenced Moldova's economic performance and thus what emphasis the World Bank would attribute to the project's contribution towards specified reform indicators. In short, if rankings drop from one year to another, the project could *de facto* be subject to criticism for not increasing them (although the reasons for such a shortfall may have resulted from other reasons such as political events or unexpected economic downturns).

9. In terms of project administration, the Evaluation Team noted a number of deficiencies. There appeared to be no recognizable system in place for filing and recording of outputs such as reports, concept papers, etc., either electronically or in hard copy. When specific information or data was requested, it depended on the extent to which individual team members were efficient in storage of such data for retrieval. Access was therefore not universal resulting in the tendency for team members to maintain only information relevant to their own briefs. This appeared to impact on the BIZTAR's team ability to access records and information readily. In addition, reports, briefing papers and other documents were often unattributed to a particular author or dated or written in any particular format to associate them with BIZTAR.
10. Feedback from most major stakeholders seemed to suggest that whilst good work was being carried out by certain donors or multi-laterals operating in Moldova on the issues at hand – regulatory and tax administration reform – there was still a tendency for most of those parties to go their own way although the Regulatory Reform Working Group did to some degree act as a catalyst towards achieving harmonization towards a common goal. MoF and MSTI confirmed this view and suggested that more could be done collectively by donors and multi-laterals to provide them with clear direction and policies, especially regarding Fiscal Reform. BIZTAR's future input was included in this assessment.

8.2 Recommendations

1. In following up Conclusion #1 it is highly recommended that BIZTAR continues, for the remainder of the project, to build on the foundations of work accomplished to date (practical implementation of legislative procedures and requirements) and to cement working relationships where activities are still ongoing or soon to be accomplished (tax appeals, Case Management System, tax current accounts, Customs brokers, Law on OSSs, policy analysis for MSTI). Where the possibility remains for unfinished business by the end of the project in September 2011, these could be prioritized for possible inclusion in any future possible follow-on project.
2. BIZTAR should continue its dialogue with GoM and relevant agencies associated with improving business practices, especially with regard to the implementation of tax reporting and payments at the point of contact, i.e. the OSSs both in Chisinau and in the regions. Focus needs to be on public awareness of the services available and benefits that accrue from moving away from tax submissions by paper towards electronic submission. As soon as the Law on OSSs is passed, BIZTAR should reactivate its outreach public awareness activities to help support implementing agencies and citizens in general. If this does not occur within the lifetime of the current project then it might be considered for inclusion in any future possible follow-on project.

3. Although a contentious issue, the reform of Customs in Moldova needs to continue. According to EU-BAM, which is heavily involved in advising GoM on border security and trade facilitation (operating under the auspices of the MoF), there is a serious disconnect between the business community and its understanding of customs regulations and their implementation. Further, Customs does not publicize what documents are required for imports and exports and does not have a functioning laboratory for the testing of goods. EU-BAM also argues that poor donor co-ordination in tackling Customs means that the GoM and its agencies have little incentive to act. In this case, and given the importance of reforming Customs, USAID might wish to consider whether further interventions with regard to some of those issues might be appropriate for any future possible follow-on project.
4. Any future possible follow-on USAID-funded project in Moldova should have an internationally recognized M&E system in place as an integral part of project management. A summary of the Quarterly Reports should be prepared in a year end M&E Report highlighting actual performance against plan noting deviations and actions taken to address them. This task should be allocated to a specifically qualified individual reporting directly to the COP. This would permit the ongoing monitoring of performance and enhance management decision-making based on up-to date reporting data.
5. With regard to the preparation, submission and approval of PMPs, it is suggested that to avoid more changes and amendments than are really necessary, relevant or practical to implement (notwithstanding those which the project is contractually obliged to prepare or amend on behalf of USAID), some sort of administrative mechanism be included in RFPs or SOWs addressing this issue. This could take the form of how many revised or amended PMPs would be allowed on a project, what specific issues they would be allowed to cover, within what time period and when an approval response or otherwise would be forthcoming – (projects funded by the European Commission for example only allow for changes in Work Plans and M&E Reports if deemed vital to meeting overall objectives or the survival of the project).
6. Regarding the type of indicators, targets and results that are specified in SOWs, whilst probably too late for consideration for the remainder of the current BIZTAR project, it is suggested that any future possible follow-on projects have RFPs that require SOWs and *de facto* subsequent Work Plans to have activities, which focus on actions that have a more than reasonable chance of being delivered within the lifetime of the project based on measurable performance indicators and which can be monitored on an on-going basis. The pursuit of legislative and similar policy level objectives by governmental authorities whilst necessary are notoriously difficult to deliver within any given time span (if at all). BIZTAR has already done considerable work in this area re: the Construction Law and Declaratia Rapida. It is therefore suggested that for any possible future follow-on project the focus be on either working towards making those specific laws as well as other existing ones more implementable and/or working on activities that continue to improve on progress already made in some areas but not followed through to conclusion e.g. the sustainability of the OSSs (see Section 4, above).
7. BIZTAR acknowledged the non-performance of the OSSs in general, or the fact that many do not function at all, citing local politics as one possible reason for lack of progress. In recognizing this, together with the lack of an OSS law (currently under review), BIZTAR, in the time left available to it before completion in September 2011, offer full support towards its implementation (time permitting). If this is not possible during the lifetime of the project

because the said law is not enacted, then any future possible follow-on project should include this activity as part of its brief. Without fully functioning OSSs operating under the auspices of legal guidelines, their continued rationale as a catalyst for improving the regulatory process and making life easier for businesses, in particular to pay their taxes in a compliant fashion and construction permits to be approved without undue delay, will be diminished. USAID is therefore encouraged to ensure that this does not happen through its continued interventions at the “coal-face”. Specific project-related actions should be specified in future RFPs and subsequent SOWs to this effect.

8. Whilst the World Bank’s Annual Doing Business ranking surveys are important, they should not be the only source of reference as a key economic indicator in highlighting a country’s year-on-year performance. Other indicators that can be used are Transparency International, the MCC Scorecard and the Global Competitiveness Ranking. A combination of these ranking systems would without doubt provide a country with a broader and fairer picture of the true extent of economic progress over time. However, these are essentially macro-level indicators and, thus, not necessarily suitable for a project to “hang its hat on.” In terms of real and measureable impact, it might be more suitable for BIZTAR-type projects to focus on micro-level interventions (as BIZTAR is largely currently doing) the performance of which can be measured against clearly and realistically defined indicators in line with an effectively operating project M&E reporting system as mentioned in Section 3, above.
9. The project needs to have a properly functioning administrative system in place for the recording and retrieval of electronic and hard copy project-related data, information and material readily accessible to all team members at any point in time. This should include online databases on a project website for internal access as well as a project “in-house” library for hard copies of reports, documents, papers etc. All formal reports commissioned by BIZTAR from experts should have a specific design and format with appropriate retrieval codes for easy access or reference.
10. The World Bank funding over several years of the Secretariat for the Regulatory Reform Working Group will expire in December of 2011 and several groups that the Evaluation Team interviewed requested USAID to consider continuing such funding in order for the group to continue the RIA’s and Guillotine 2+ processes.
11. Although BIZTAR should take appropriate credit for significant measureable accomplishments in their reports to the USAID Mission and other donor groups, it would be helpful for the Moldovan citizenry if these reforms were attributed to the Moldovan governmental and private authorities, when justified. Only if this is done will the reforms be sustainable and increase the trust the Moldovan business community and citizens have in their government.
12. The Licensing Chamber is now being discussed with both BIZTAR and the GoM E-Government Project regarding an online application process for all licenses for all Ministries and this initiative should be supported in any future project. Further improvements with respect to an updated Database Registry, as per the new legislative initiatives, along with the renovation of the OSS in Chisinau with video monitoring and audio system, should be undertaken.

13. USAID should consider monetizing all future BIZTAR-type project reforms. The overall effect of this approach would be that GoM would be able to correlate the extent to which certain initiatives contributed towards gross income. USAID would also be able to determine which project-related initiatives and activities were the most productive within this parameter.
14. USAID-funded projects in Moldova should seek to collaborate more closely whilst overlapping in order to capitalize on potential synergies that may exist between them. For example, the Evaluation Team noted that CEED II (follow-on project from recently completed CEED I) had little interaction with BIZTAR due to a lack of perceived opportunities on which to jointly collaborate or co-operate. A similar view was also held by the previous COP of BIZTAR (who resigned from the project in February 2011) during his tenure, which also overlapped with CEED I. Perhaps a possible solution to this would be a monthly meeting at the USAID Mission for all ongoing projects to act as a forum for an exchange of views on respective activities and to explore how resources could be optimized to cost-effectively achieve common goals.

ANNEXES

ANNEX 1: WORK PLAN

Introduction

In the preparation of its management and technical approach, the ME &A's Evaluation Team has followed the guidelines detailed in the Request for Task Order Proposal (RFTOP). As stated, the purpose of this Task Order as defined in the accompanying Scope of Work (SOW) related to the BIZTAR Project Evaluation mission is "to evaluate the status of the activity, its successes and weaknesses and provide recommendations for USAID regarding possible improvements and adjustments that might enhance the future performance of the follow-on competitiveness related project, BIZTAR II"

The SOW requires the Contractor selected for the requested work to "submit a work plan for the evaluation by the close of the 2nd day of business in Chisinau and draft outline for the evaluation report by COB of their 5th day of business in Moldova.

Based on the tasks and deliverables stipulated by the SOW -- preliminary desk analysis of relevant documentation, an interview to be conducted in the U.S. with DAI's Main Office, 18 work days in Moldova to conduct interviews, including site visits to project locations outside of Chisinau, a draft outline for the evaluation report to be prepared by the end of the 3rd week and prior to the departure of the Team from Moldova and the completion of the final report -- the ME &A Evaluation Team has prepared this draft Work Plan for the Mission in Chisinau. The plan consists of a description of the Evaluation Team, evaluation design plan, work plan and draft schedule for tasks, meetings and field visits. A final report outline will be submitted on Thursday, April 14, 2011

Evaluation Team

The evaluation of the BIZTAR Project will be conducted by a three-person team consisting of in-country and expatriate specialists. These include: Colin Maclean (Team Leader), Beatrice Celler (Economic & Trade Analyst) and Veaceslav Zaharia (Local/In-Country Coordinator).

Colin Maclean will assume responsibility for the management of the evaluation. This will include identifying persons and materials to be consulted prior to the departure of the Team to the field and liaising and working with the Contracting Officer's Technical Representative (COTR) to ensure that the evaluation meets the objectives of USAID/Moldova. *Beatrice Celler* will identify and schedule interviewees, conduct interviews and research, conduct regional field visits and contribute to the drafting of the draft and the final report. *Veaceslav Zaharia*, located in Chisinau, will also assist with the planning and organization of interviews and co-ordination of site visits.

The Team will essentially function as a single unit and in general jointly participate in meetings to collectively gain an understanding of the issues at hand. However, due to the fairly wide ranging scope of the evaluation and in order to maximize the limited time in the field, there will be a number of occasions where individual Team members will conduct interviews or briefings on their own. For any envisaged field trips outside of Chisinau the Team will travel together. In addition, ME&A's Project Manager, Ms. Mirela McDonald, will be accessible to the COTR and responsible for providing oversight to the Team's activities. She will ensure that resources are available to the Team to meet all needs that might arise during the course of the evaluation effort.

Evaluation Design Plan

The ME&A Team is tasked with conducting an evaluation of USAID's Business Regulatory and Tax Administration Reform (BIZTAR) project in Moldova which commenced in 2007 and is due for completion in September 2011 (although following a meeting on 29 March 2011 with Doug Muir, COP of the BIZTAR project this could possibly be extended at no cost for a further month). Mr. Muir is currently in the process of preparing an amended Work Plan for the period April – September in which any such extension would be elaborated. It was agreed that the Evaluation Team would be provided with a copy of such report once available.

Following opening discussions with USAID representatives on 28 March 2011 in their offices in Chisinau it was agreed that the focus of the evaluation mission would be on analysis and review of quantitative data (measurable) rather than on the submission of qualitative data (based on comment and opinion) produced by the team of experts. The final report form at will therefore reflect this request through the inclusion of graphic tables which will track the performance of BIZTAR results against planned targets on a year on year basis. Commentary on the Team's findings will appear in text following each relevant chart.

In summary, quantitative data (e.g. number of actions / activities accomplished against plan) will be sourced from BIZTAR annual work plans and quarterly reports. The outcome of this evaluation will be an assessment of the impact of the BIZTAR project on Moldova relative to the planned objectives as envisaged in the original and amended SOWs together with recommendations offered by the Team for any follow-on assistance potentially defined as BIZTAR II. Qualitative data will be gathered through the Team's observations and meetings, and interviews with groups and beneficiaries, national and local government officials, experts and international donor representatives.

The on-site evaluation mission will take place between March 28 and April 15, 2010, inclusive. Preparation time for the advanced review of relevant materials prior to the mobilization of the Team as well as post-evaluation time following return to home base also forms part of the total evaluation process as defined in the terms of reference for the experts. The review of all project documents will focus specifically on the key questions identified by USAID as defined in the experts' SOW – (See Annex 2 below). At this time, the Team believes that these questions are fairly all encompassing the answers to which should contribute to the final 'big picture' of BIZTAR aimed for by the Evaluation Team. The only slight modification made is that referring to sustainability (Q.10 below) where specific BIZTAR initiatives and activities should be addressed due to the relevance and their relatively high profile. The anticipated new law concerning OSS's should in part answer this question apropos it becoming mandatory to use Declarazi Rapida for all VT registered enterprises. The Team will also acquire feedback from site visits (locations still to be decided) outside Chisinau to mayoralities housing OSS's.

Prior to traveling to Moldova, the US-based expert will meet with representatives of DAI to obtain feedback from them regarding their interpretation of how the project has functioned from inception to date (such meeting in fact took place on March 25).

The early part of the field visit to Moldova will be focused on preparing the list of interviewees, list of key questions to be answered, final report outline and arranging interviews and project site visits. The Team will employ three principal means of gathering information:

- *Document Review.* The Team will perform a document review of available reports and studies provided by USAID, the Contractor and other relevant parties.
- *Structured Interviews.* The Team will ask questions designed to answer the key questions identified by USAID. Our approach will be to use a core set of questions to establish a common baseline of information. Interviews will go beyond qualitative “yes/no” to open ended answers to solicit as much explicit and concrete information as possible. Our intent is to have those interviewed speak frankly and candidly about the issue at hand
- *Focus Groups.* If deemed efficient and it adds value to deliberations, the Team may organize focus groups to elicit information

The Team will base its range of interviews on the list provided by USAID during the meeting on 28 March 2011 during which additional potential interviewees were suggested for follow-up. However, during the Team’s investigations it is possible that other relevant parties who might be able to shed light on BIZTAR’s activities and performance will become apparent and these will be followed up time permitting.

Data analysis and report writing will comprise the final days of the field visit. The Team will deliver a presentation of results with the aid of PowerPoint slides and also submit a draft report to USAID on 14 April 2011 prior to the Team’s departure from the country. After review of the draft, the Team will edit the document based on USAID comments and submit a final report following return to home base. By 18 April 2011 USAID will provide feedback on the report with comments and/or suggestions for incorporation in the final report version which will subsequently be submitted back to them by 25 April 2011.

During the field visit, the Team Leader will deliver two briefing reports to USAID at a time to be agreed between the parties – (see Annex 1 below for suggested delivery dates).

Annex I

DRAFT SCHEDULE

FOR THE PROJECT EVALUATION OF USAID/MOLDOVA

BIZTAR

March 25	Meeting with Jason Singer and Lara Goldmark of DAI in the US
March 27	Arrival of ME&A Team in Chisinau
March 28	Initial meeting with USAID representatives in Chisinau to discuss modus operandi of evaluation mission – questions and answers from both sides and overall review of tasks to be carried out and expected results
March 29 questions	Meeting with DAI / BIZTAR representatives. Finalization of with USAID
March 29	Submission of draft evaluation work plan
April 1	Submission to USAID of draft outline of evaluation report
March 28 – April 11	Interviews, site visits, document reviews & any evaluation associated tasks
April 4	1 st status briefing report (via email) to USAID – meeting if requested
April 11	2 nd status briefing report (via email) to USAID – meeting if requested
April 11 – 13	Drafting evaluation presentation & draft evaluation report
April 14	Presentation to USAID of findings and submission of draft evaluation report
April 15	Team departs Chisinau
April 18	USAID provides comments on draft report
April 25	Final revised evaluation report due to USAID / COTR

Annex II - Questions

Based on the key questions provided by USAID in the Scope of Work, answers to the following questions will be the focus of the evaluation.

1. How have activities under each component and results area contributed to the accomplishment of the project's goals of improving the business enabling environment?
2. Have the quantitative and qualitative targets in the contract under this component been accomplished?
3. Were there unintended results of the BIZTAR project which were not foreseen in the project documents and for which results were not captured by monitoring efforts?
4. What were the major impediments to the activities in the BIZTAR project, if any, and if there were such impediments how were they overcome?
5. How receptive are decision-makers and officials in key offices with which BIZTAR has been involved to the proposals that have been developed through the BIZTAR? If they are not as receptive as expected, why?
6. How effective have the proposals provided to decision-making institutions been in fostering policy changes? Has BIZTAR been able to shape the pace and direction of business regulatory reform through engagement with key Government stakeholders?
7. How has the BIZTAR project's focus on improved Doing Business rankings contributed to the overall goal of an improved business enabling environment?
8. Have public awareness activities been successful in influencing public demand for an improved business environment?
9. Are the approaches to business regulatory reform undertaken by BIZTAR sufficient to lead to the project's goal of an improved business enabling environment?
10. How sustainable are BIZTAR results? e.g. without ongoing project support would the Declarazi Rapida continue to function and/or would the OSS's (at least those still operating) cease to function?
11. How did DAI work on capacity building of its indigenous partners? How did DAI measure the end state? What could BIZTAR II do in future to increase the likelihood that the outcomes are sustainable?
12. Has DAI sufficiently taken gender issues into account and effectively addressed them during project implementation? How has DAI integrated gender considerations/issues into its USAID-supported activities?
13. Would it be important to continue with the existing project component areas in the future?
14. To what degree has the ongoing political stalemate in Moldova been a factor in the pace of reforms in the business regulatory arena?
15. Did the implementing partner receive an appropriate level of support from USAID?
16. How effectively has the project worked with other donor projects? Are there opportunities for greater collaboration?
17. Has the implementing partner effectively coordinated its activities with other USAID projects such as CEED?
18. Was BIZTAR sufficiently active under each of its components and results areas?
19. Did the BIZTAR project employ the right mix of personnel at appropriate levels of expertise in order to ensure success?
20. If BIZTAR were to be continued in some format under a follow-on activity, which of the original project components and results areas would merit continued support, which should no longer be supported, and what, if any, new areas should be considered for addition?

Annex III - Persons to be Interviewed

	INTERVIEWEES	ORGANIZATION	EMAIL/TELEPHONE/ADDRESS
1.	Doug Muir, COP	BIZTAR	Doug_Muir@DAI.com 060-09-6129 202 Stefan cel Marc Blvd. Kentford Bldg. 4 th Floor, Chisinau
2.	Douglas Griffith, COP and Larisa Bugaian, Business Climate Reform Advisor	CEED II Chemonics	dgriffth@ceed.md 079 99-2440 29 Statul Tari St. 5 th Floor, Chisinau
3.	Ghenadi Cotelnic, Financial and Private Sector Consultant & Secretariat at Ministry of Economy for Reg. Reform & Alexandra Mincu, Int'l FDI Consultant	World Bank	gcotenic@worldbank.org amincu@worldbank.org
4.	Victor Barbanegra, Vice Minister Gheorge Cojari, Deputy Chief, Tax Inspectorate or Ana Vitiuc (Same title as Cojari)	Ministry of Finance	gheorghe.cojocari@fisc.md ana.vituc@fisc.md Cosmonautilor Str. 7, Chisinau
5.	Jack Hartman Second Secretary, Political/Economic Section	US Embassy, Moldova	hardmanJT@state.gov
6.	Rusnac Corneliu (former BIZTAR COTR)	USAID, Iraq	crusnac@usaid.gov
7.	Roger Vaughan, Moldova Rapid Government Support	Millenium Partnership MRGSP	r.vaughan@mrgsp.md
8.	Laurie Brinster, Local Expert, Min. Economy & Georgeta Mincu, Advisor to Minister of Economy	EU High Level Advice Team	ybrinster@gmail.com gmincu@mec.gov.md
9.	Andrei Darie, National Program Coordinator	SIDA (European Donor)	Andrei.darie@sida.se

	INTERVIEWEES	ORGANIZATION	EMAIL/TELEPHONE/ADDRESS
10.	Mila Malarau, Executive Director & John Maxemchuk, President	American Chamber of Commerce (AmCham)	milamalaarau@amcham.md
11.	Jason Singer, Senior Economic PSD, E & E	DAI, Bethesda, Maryland, US	Jason_singer@dai.com
12.	Jeff Bryan, Deputy Country Director	USAID Moldova	jbryan@usaid.com 069 11 28 28
13.	Eugene Sienkiewicz, General Development Officer, BIZTAR COTR	USAID Moldova	esienkiewicz@usaid.gov 069 11 67 52
14.	Rodica Miron, Project Management Specialist & Evaluation COTR	USAID Moldova	rmiron@usaid.gov 069 12 91 73
15.	Nancy Reiter, Program Economist	USAID Moldova	nreiter@usaid.gov
16.	Alex Oprunenco, International Programs Director	Expert Group (Economic Think Tank)	alex@expertgrup.org
17.	Stela Mocan, Executive Director	E Government Center, Government of Moldova	Stela.mocan@gov.md
18.	Alexxandru Gozun, Head of Business Environment Dev. Division	Ministry of Economy	022 25 06 60 alexandru.gozun@mec.gov.md
19.	Pascal Ion, Vice Minister	Ministry of Construction & Regional Development	022 20 45 81 mun.Chisinau Str. Cosmononauților 9
20.	Nicolae Platon, Chief	Main State Tax Inspectorate Ministry of Finance	022 82 33 53
21.	Vitalie Coteban, Chief	FiscServInform	022 82 20 00

	INTERVIEWEES	ORGANIZATION	EMAIL/TELEPHONE/ADDRESS
22.	Maria Borta, President	National Social (Security) Insurance House	022 25 78 25 Str. Gheorghe Tudor 3
23.	Lilia Palii, President	Licensing Chamber	022 54 21 14 Bd. Stefan cel Mare 124
24.	Lucia Sporata, General Director & Oleg Cara, Deputy General Director	National Bureau of Statistics	022 40 30 00 106 Grenoble St. MD 2019 Chisinau
25.	Gheorghe Cucu, President and Tudor Olaru, Vice President	Moldova Chamber of Commerce & Industry	022 22 15 82 022 22 34 73 151 Stefan cel Mare Ave.
26.	Pavel Lupacescu, Director	Chamber of Commerce, Balti	0231 2 91 54 20b 31 August Str.
27.	Semion Platon, Director	Chamber of Commerce, Cahui	0299 2 21 92 Cahui 43 M. Eminescu Str.
28.	Vladimir Cehan, Director	Chamber of Commerce, Soroca	0230 2 31 30 75 Independentei Str.
29.	Ina Stanciu, Director	Chamber of Commerce, Edinet	0246 2 34 64 47 Independentei Str.
30.	Ludmila Mitiglo, Director	Bugeak Consult, NGO for Rural Consulting	0298 2 80 62 204a/40 Lenin Street, Comrat
31.	Victor Negruta, Director	Asprogro, Orhei	0235 27 513121 V. Lupu St. 1 st Floor
32.	Anastasia Certan, Director	Tax & Customs (MoF)	022-21-13-00 anastasia.certan@mf.gov.md
33.	Galja Pavlova, Customs Specialist Tsveta Lukina, Customs Specialist	EU – BAM	022 54 95 07

ANNEX B – LIST OF INTERVIEWS AND MEETINGS

	CONTACT PERSON	POSITION	ORGANIZATION	LOCATION	DATE
1	Jason Singer	Senior Economist PSD	DAI	US	25/03/11
2	Lara Goldmark	Technical Area Manager	DAI	US	25/03/11
3	Rodica Miron	Project Management Specialist	USAID	Chisinau	28/03/11
4	Jeff Bryan	Deputy Country Director	USAID	Chisinau	28/03/11
5	Eugene Sienkiewice	General Development Officer	USAID	Chisinau	28/03/11
6	Doug Muir	COP	BIZTAR	Chisinau	29/03/11
7	Slavian Gutu	Communications Manager	BIZTAR	Chisinau	29/03/11
8	Eugenia Stancu	PSD Specialist	BIZTAR	Chisinau	29/03/11
9	Sergiu Rabii	IT Manager	BIZTAR	Chisinau	29/03/11
10	Douglas Griffith	COP	CEED II	Chisinau	30/03/11
11	Roger Vaughan	Program Director	Moldova Rapid Government Support Program	Chisinau	30/03/11
12	Galja Pavlova	Customs Specialist	EU BAM	Chisinau	31/03/11
13	Tsveta Lukina	Customs Specialist (Procedures)	EU BAM (Capacity Building Unit)	Chisinau	31/03/11
14	Iurie Brinister	Local expert to EU advisors	EU High Level Advice Team	Chisinau	31/03/11

	CONTACT PERSON	POSITION	ORGANIZATION	LOCATION	DATE
15	Georgeta Mincu	Local expert of Ministry of Econ.	EU High Level Advice Team	Chisinau	31/03/11
16	Serghei Toncu	Project Manager	American Chamber of Commerce	Chisinau	31/03/11
17	Mila Malairau	Executive Director	American Chamber of Commerce	Chisinau	31/03/11
18	Valeri Prohntnitzchi	President	Expert Group - Economic Think Tank	Chisinau	31/03/11
19	Ana Chirita	Executive Director	IT Association	Chisinau	01/04/11
20	Tokhir Mirzoev	Resident Representative	IMF	Chisinau	01/04/11
21	Vitale Coteban	Director	FiscServInform	Chisinau	01/04/11
22	Stela Mocan	Executive Director	e- Government Centre, GoM	Chisinau	01/04/11
23	Sergio Harea	Director International Relations	Moldova Chamber of Commerce & Industry	Chisinau	04/04/11
24	Maria Borta	President	National Social Insurance House	Chisinau	04/04/11
25	Valentina Apostolov	Deputy President	Licensing Chamber	Chisinau	05/04/11
26	Oleg Chelaru	Manager-Regulatory Reform Dep.	World Bank	Chisinau	05/04/11
27	Ion Pascal	Vice Minister	Ministry of Construction & Regional Development	Chisinau	05/04/11
28	Pavel Lupacescu	Director	Chamber of Commerce & Industry, Balti	Balti	06/04/11
29		Assistant manager	One-Stop-Shop, Singerei	Singerei	06/04/11
30	Ina Negruta	Manager	One-Stop-Shop, Orhei	Orhei	06/04/11

	CONTACT PERSON	POSITION	ORGANIZATION	LOCATION	DATE
31	Victor Negruta	President	'Asproagro' Agriculture Association	Orhei	06/04/11
32	Nicolae Platon	Chief	Main State Tax Inspectorate - (MoF)	Chisinau	07/04/11
33	Anastasia Certan	Director	Tax and Customs – Ministry of Finance	Chisinau	07/04/11
34	Ana Vitiuc	Counsellor	Main State Tax Inspectorate – (MoF)	Chisinau	07/04/11
35	Gheorghe Cojocari	Deputy Chief	Main State Tax Inspectorate – (MoF)	Chisinau	07/04/11
36	Jack Hartman	Second Secretary	US Embassy	Chisinau	07/04/11
37	Dorel Fronea	Advisor to the Customs Service	EU High Level Policy Unit	Chisinau	07/04/11
38	Andrei Darie	National Program Coordinator	SIDA	Chisinau	07/04/11
39	Alexandru Gozun	Head of Bus. Climate Improve. Div.	Ministry of Economy	Chisinau	08/04/11
40	Oleg Cruglea	Chief of IT Department	National Bureau of Statistics	Chisinau	08/04/11
41	Iurie Mocanu	Chief of Statistical Directorate	National Bureau of Statistics	Chisinau	08/04/11
42	Nancy Reiter	Program Economist	USAID	Chisinau	11/04/11
43	Alexandru Mincu	Rankings	World Bank	Chisinau	11/04/11

ANNEX C – LIST OF DOCUMENTS CONSULTED

1	BIZTAR – Work Plan: Oct 2007 – Sept 2008
2	BIZTAR – Work Plan: Oct 2008 – Sept 2009
3	BIZTAR – Work Plan: Oct 2009 – Sept 2010
4	BIZTAR – Work Plan: Oct 2010 – Sept 2011
5	BIZTAR – Quarterly Report; Oct –Dec 2010 (13 th)
6	BIZTAR – Quarterly Report; July- Sept 2010 (12 th)
7	BIZTAR – Quarterly Report; Apr – June 2010 (11 th)
8	BIZTAR – Quarterly Report; Jan – Mar 2010 (10 th)
9	BIZTAR – Quarterly Report; Oct – Dec 2009 (9 th)
10	BIZTAR – Quarterly Report; July – Sept 2009 (8 th)
11	BIZTAR – Quarterly Report; Apr – June 2009 (7 th)
12	BIZTAR – Quarterly Report; Jan – Mar 2009 (6 th)
13	BIZTAR – Quarterly Report; Oct – Dec 2008 (5 th)
14	BIZTAR – Quarterly Report; July – Sept 2008 (4 th) – Not available
15	BIZTAR – Quarterly Report; Apr – June 2008 (3 rd)
16	BIZTAR – Quarterly Report; Jan – Mar 2008 (2 nd)
17	BIZTAR – Quarterly Report; Oct – Dec 2007 (1 st)
18	BIZTAR - Draft Performance Management Plan – November 2007
19	BIZTAR - Draft Performance Management Plan – January 2008
20	BIZTAR - Draft Performance Management Plan – June 2010
21	BIZTAR – Draft Performance Management Plan – August 2010
22	BIZTAR – Draft Performance Management Plan – November 2010
23	DAI / USAID Original Contract; 27 Sept 2007
24	USAID Contract Amendment for Extension from Sept 2010 to Sept 2011 [EEM-I-01-07-00009 Mod 6 Final

25	USAID GBTI 11 IQC
26	'Law on Approval of National Development Strategy, 2008-11' – Government of Moldova
27	'Plan of Economic Stabilization and Recovery of the Republic of Moldova for 2009-2011' – Gov. of Moldova
28	'Rethink Moldova – Priorities for Medium Term Development', Mar 2010 – Gov. of Moldova
29	'Doing Business in Moldova' – 2010 Country Commercial Guide - USAID Embassy, Chisinau
30	'Annual Report – Dec 2008-Dec 2009' – European Union Border Assistance Mission
31	'Corporate Strategies & Implementation Plans for Tax Administration' – Jan 2011 - IMF
32	'Strategy for Moldova State Tax Service Development Plan for 2011-2015' – 2010; IMF
33	'Strengthening Compliance Management for Tax Administration'; Feb 2010; IMF
34	List of Customs Offices in Moldova – provided by Roger Vaughan – Director of MRGSP
35	'Computerization of the Moldovan Department of Customs – IT Infrastructure Assessment'; Hewlett-Packard; July 2007
36	STS Development Plan 2011-15
37	'World Bank Doing Business Annual Report 2011'
38	'World Bank Doing Business Annual Report 2010'
39	'World Bank Doing Business Annual Report 2009'
40	'World Bank Doing Business Annual Report 2008'
41	BIZTAR Newsletters - Various
42	'Evaluation of Investors' Protection in Moldova', BIZTAR, September 2009
43	'Regulatory Impact Analysis on the Law on Authorization of Construction Works', BIZTAR, November 2010
44	'The System of Unofficial Taxation', Igor Munteanu et al, CIPE, 2007
45	'Trading Across Borders in Moldova; BIZTAR, 2008
46	'Collecting and Paying Taxes in Moldova – A Tax Benchmarking Exercise', BIZTAR March 2008
47	'Towards Comprehensive Licensing Reform in the Rep. of Moldova', BIZTAR, November 2009
48	'Strengthening Moldova's Business Insolvency System', BIZTAR, March 2010
49	'Customs Modernization Handbook – Authorized Economic Operators Programs', BIZTAR, March 2010

50	'Enhancing Integrity at the Customs Service - improved integration with MoF', BIZTAR, July 2010
51	'Report on the Analysis & Review of Tax Reports', BIZTAR, October 2010
52	'Tax Appeals Report', BIZTAR, June 2009
53	'Taxpayers' Charter – Rights & Obligations', BIZTAR, August 2010
54	'Recommendations for Tax Evasion Inspections', BIZTAR, 2009
55	'Draft Concept – VAT Refund Processing', BIZTAR, November 2010

ANNEX D – BRIEFING REPORTS (2)

1ST Status Report

On the USAID BIZTAR Project Evaluation

Submitted by Colin Maclean, Team Leader,

3 April 2011

1. Evaluation Team

The two international experts, Colin Maclean (Team Leader) and Beatrice Celler (Economic & Trade Analyst) started work on Monday, 28 March 2011, following their arrival in Moldova the previous day. The third member of the team and local expert, Veaceslav Zaharia, was unable to start at the same time due to a brief illness but resumed duties on Wednesday 30 March 2011. No specific delay in the Team's activities was experienced as a result of his absence.

2. Project Management

In line with contractual obligations the Evaluation Team had two initial deadlines to meet with USAID resulting in the following:

2.1 Work Plan – completed and submitted to USAID on 29 March 2011 as agreed.

A brief follow up meeting was held to discuss the plan which was approved with the proviso that the team noted that the final report should not necessarily focus on quantitative results but instead have a more equal balance regarding input with respect to qualitative analysis. This will be reflected in the final report.

2.2 Draft Evaluation Report Outline – completed and submitted to USAID on 1 April 2011 as agreed.

To be reviewed by USAID during the week starting Monday, 4 April 2011.

3. Meetings and Interviews

An initial meeting took place on Monday, 28 March 2011, between Colin Maclean and Beatrice Celler and USAID in their offices in Chisinau to establish the modus operandi for the evaluation mission. All parties concerned were in agreement regarding the approach and expected outcomes together with a date being set for a final presentation of the team's findings prior to departure on 14 April 2011.

During the first week of the mission the team was able to organize a number of meetings with key 'stakeholders' using the lists of potential interviewees provided earlier to the team. In total, meetings were held with 10 organizations attended by a total of 15

participants. Meetings began with a visit to BIZTAR on Tuesday, 29 March 2011, starting with Doug Muir, COP, and with several other members of their team. Additional follow-up visits took place during the course of the week.

4. Review of project related materials

Whilst a number of documents were provided to the evaluation team members prior to their departure for Moldova for review it became clear on arrival that additional reports and papers would need to be gathered from various sources to allow the team to upgrade its understanding of the main BIZTAR related issues. This process has started but it is likely that as time progresses additional important materials will become available for review – a full list will be attached to the final evaluation report as an annex.

5. Planned activities for Week 2

5.1 The team will continue to organize meetings with identified organizations and individuals through till the end of the week.

5.2 An investigatory 1 day field trip will be scheduled to include Balti, Singerei and Orhei. The date has still to be confirmed but the plan is for it to take place on Wednesday, 6 April 2011. The team is interested in speaking with locals connected with the One-Stop-Shops as well as businesses in those areas re: their awareness of BIZTAR and impact if any on their activities especially with regard to improvements in tax payments etc.

6. General Observations

The team has not experienced any major difficulties in organizing meetings so far with most interviewees offering a wide range of extremely useful comments and observations on the main BIZTAR issues under review.

On the other hand, we have experienced some difficulty (not serious yet) in tying down BIZTAR staff to meetings. We appreciate that they all have tasks to be getting on with but our feeling is that this evaluation should assume some sort of priority for them. We have meetings scheduled for Monday, 4 April 2011, following which we will advise if we are satisfied with their input.

2nd Status Report

On the USAID BIZTAR Project Evaluation

Submitted by Colin Maclean, Team Leader,

11 April 2011

1. Evaluation Team

All team members have been active in organizing and attending meetings, reviewing relevant and available materials associated with the project and more recently in writing their contributions towards the final evaluation report.

2. Project Management

In line with contractual obligations the Evaluation Team submitted its first Status Report to USAID on 3 April 2011 (a day earlier than planned) which outlined the team's activities up to that date as well as planned activities for the remainder of the mission.

3. Meetings and Interviews

On 6 April 2011 the Evaluation Team travelled to Balti to meet with the Chamber of Commerce and Industry on a fact-finding mission to ascertain the views of locals in the region regarding BIZTAR and One-Stop-Shops in particular. The Director was most informative and organized a further meeting for the team in Singerei to speak with someone at the One-Stop-Shop located there. The team met with the Assistant Manager and were shown round the premises as well as being provided with an insight into its activities. From there the team travelled on to Orhei where it met with the Manager of the local One-Stop-Shop and the President of 'Asproagro' Agriculture Association under whose umbrella the One-Stop-Shop functions. This was very productive day trip as it highlighted areas of concern felt by local regarding their ability to sustain their One-Stop-Shops due to lack of funds and continued guidance on how to operate them.

To date the team has met with 31 individuals representing a cross-section of public and private sector organizations in Moldova (not including USAID or BIZTAR). Most have been relatively easy to contact and most interviewees have been forthcoming on their views on BIZTAR and its activities based on their respective dealings with the project team. On occasion relevant materials were made available to the Evaluation Team members for review or provided with additional reference information for other potential interviewees worth visiting.

4. Review of project related materials

The Evaluation Team continued to gather, read and digest all relevant materials associated with BIZTAR in order to acquire a greater understanding of the 'big picture' regarding BIZTAR's activities and their impact on beneficiaries and stakeholders. A number of those were highly technical in nature and occasionally in Romanian or Russian. For those deemed important our local Evaluation Team member provided a brief synopsis of their contents.

5. Planned activities for Week 3

- 5.1 There are no more planned interviews for the final few days of the evaluation mission with the exception of one final meeting with the World Bank pre-arranged the previous week in order to give the team sufficient time to prepare the final evaluation report.
- 5.2 A final debriefing presentation on the Evaluation Team's findings will be made to USAID on Thursday, 14 April 2011 as pre-agreed, following which electronic copies of the draft final evaluation report will be forwarded to USAID the next day prior to the Team Leader's departure.

6. General Observations

Overall the Evaluation Team has been impressed with the willingness of interviewees to offer their views on BIZTAR and the key issues the project has been addressing. BIZTAR itself appears somewhat dysfunctional with team members sticking to their particular briefs and not really being involved in what other team members are doing. In some cases requested documents took some time to deliver to the Evaluation Team members slightly delaying our ability to review them.

One of the main difficulties encountered by the team was the fact that very little M & E information on the project for the first three years was available for review other than what appeared in the Quarterly Reports. The result of this lack of ready M & E material was that a considerable amount of time was required to accumulate data on actual against planned results. In addition, changes and amendments to SOW's, PMPs and Work Plans also required more 'detective' work than usual in order to clarify indicators and when they were to be achieved. Comments on this will be reflected in the final evaluation report.

ANNEX E – EVALUATION SOW

SCOPE OF WORK

Business Regulatory & Tax Administration Reform (BIZTAR) Project Evaluation

I. Background

Moldova is at a crossroads geographically, politically, and economically. Positioned between Western Europe and the CIS, Moldova enjoys geographical proximity to both stable but demanding western markets and growing but risky eastern markets. This position could be an advantage, as Moldova's bilingual workforce and location position it as a bridge between the regions, but will require a clear strategy and cooperation among sector actors and policy-makers for the country to maximize its economic potential. Political stability remains a challenge in Moldova, with successive parliaments unable to reach the 61-vote threshold required to elect a president and forcing new parliamentary elections. As a member of the Eastern Partnership, Moldova has established itself as a country which is eager to expand and deepen relations with the European Union. Over the past year, the ruling liberal coalition has been improving Moldova's position in the global economy by pursuing an agenda of economic and political reforms. However, Moldova was seriously affected by the global economic crisis, and remains highly vulnerable to external market forces – most notably Russia's use of import bans on Moldovan products to exert political pressure. Access to European markets is improving, with E.U. trade quotas in place for Moldovan products, and Moldovan industries are increasingly finding new market opportunities in the E.U. In the long-term, Moldova's economic future is tied to the political direction that the government will take with regard to a pro-European, pro-Russian, or balanced approach to reconciling the competing political agendas.

On average, Moldova's economy has experienced annual growth rates of 5.5 percent over the past 10 years, helping to drive poverty rates down from 70 percent in 1999 to 31 percent in 2009 (42 percent in rural areas). Yet Moldova remains one of the poorest countries in Europe, with per capita income of \$3,210. The structure of the economy has been evolving from a traditional agrarian base to a rapidly expanding service sector and reforming industrial sector. While services account for 56 percent of GDP, the sector only employs 33 percent of the Moldovan labor force. By contrast, agricultural production employs a similar proportion of Moldovans but only contributes 15 percent to GDP.

The Moldovan economy is primarily dominated by Micro, Small, and Medium Enterprises (MSMEs). The post-Soviet breakup of collective farms resulted in highly fragmented land parcels (averaging 5 ha) that are now owned and worked by smallholder farmers. These parcels remain largely inefficient and their small size inhibits farmers from achieving economies of scale. Similarly, many over-capitalized enterprises with poor labor productivity have downsized, divested, or been replaced by smaller, less capital-intensive enterprises. The rise of the service sector has also been driven by small and agile businesses with high labor productivity. Further advancing the private sector and its contributions to economic growth in Moldovan will require continued focus on MSMEs.

The USAID/Moldova Business Regulatory & Tax Administration Reform (BIZTAR) Task Order was executed by USAID and DAI (for the DAI/Nathan Group) on September 26, 2007. The BIZTAR Project is designed to improve Moldova's business enabling environment by reducing the administrative burdens on the private sector, streamlining tax administration, curtailing opportunities for corruption, and improving the access for citizens and businesses to government services and information. BIZTAR is also designed to promote public awareness and support for policy reforms to contribute to a better business environment. The project stresses the involvement of information and communications technology (ICT) to facilitate transparent data management, streamlined administrative processes, and enhanced private-public sector partnerships.

The project components are:

1. Regulatory Reform: BIZTAR seeks to reduce administrative burdens faced by businesses in interfacing with government; to increase public access to information regarding business regulation; and to increase transparency in government's policy development and service delivery functions.
2. Tax Administration Reform: BIZTAR seeks to improve tax services in Moldova by making services more user-friendly and accessible to citizens; and to improve the functioning of the State Tax Service of the Ministry of Finance in areas of tax management, including helping to shape the direction of needed reforms.

The project was substantively modified in FY 2010 to extend the life of project by one year, to add additional funding in the amount of \$1,500,000 (for a total obligation of \$7,996,632), and to modify the Scope of Work to include work with the customs sector. The BIZTAR project is planned to end on September 30, 2011.

II. PURPOSE OF THE EVALUATION

The focus of the evaluation will be the performance of the BIZTAR project, implemented by DAI from 2007-2011, in accomplishing the terms and results of the project, and the project's contributions to achieving the Mission's Strategic Objective 1.31, "Private Enterprise Growth Creates Jobs and Generates Income."

The team will evaluate the status of the activity, its successes and weaknesses, and provide recommendations for USAID regarding possible improvements and adjustments that might enhance the future performance of the follow-on competitiveness related project, BIZTAR II, which is expected to be awarded in FY 2011. The evaluators should also identify any unforeseen constraints and obstacles that may have affected BIZTAR's performance.

USAID Mission in Chisinau – the primary audience for the evaluation – will use the evaluation to make management decisions with respect to its approach and its activities in reducing the cost of

business by addressing government regulatory and administrative burden and corruption in Moldova.

III. Illustrative Questions

The following questions are illustrative. The evaluation team should use these questions as a guide in formulating their list of questions to be answered by the evaluation. The final list of questions should be agreed upon between USAID/Chisinau and the evaluators.

Evaluation of BIZTAR components and activities:

1. How have activities under each component and results area contributed to the accomplishment of the project's goals of improving the business enabling environment?
2. Have the quantitative and qualitative targets in the contract under this component been accomplished?
3. Were there unintended results of the BIZTAR project which were not foreseen in the project documents and for which results were not captured by monitoring efforts?
4. What were the major impediments to the activities in the BIZTAR project, if any, and if there were such impediments how were they overcome?
5. How receptive are decision-makers and officials in key offices with which BIZTAR has been involved to the proposals that have been developed through the BIZTAR? If they are not as receptive as expected, why?
6. How effective have the proposals provided to decision-making institutions been in fostering policy changes? Has BIZTAR been able to shape the pace and direction of business regulatory reform through engagement with key Government stakeholders?
7. How has the BIZTAR project's focus on improved Doing Business rankings contributed to the overall goal of an improved business enabling environment?
8. Have public awareness activities been successful in influencing public demand for an improved business environment?
9. Are the approaches to business regulatory reform undertaken by BIZTAR sufficient to lead to the project's goal of an improved business enabling environment?
10. How sustainable are BIZTAR results?
11. How did DAI work on capacity building of its indigenous partners? How did DAI measure the end state? What could BIZTAR II do in the future to increase the likelihood that the outcomes are sustainable?
12. Has DAI sufficiently taken gender issues into account and effectively addressed them during project implementation? How has DAI integrated gender considerations/issues into its USAID-supported activities?
13. Would it be important to continue with the existing project component areas in the future?
14. To what degree has the ongoing political stalemate in Moldova been a factor in the pace of reforms in the business regulatory arena?
15. Did the implementing partner receive an appropriate level of support from USAID?
16. How effectively has the project worked with other donor projects? Are there opportunities for greater collaboration?
17. Has the implementing partner effectively coordinated its activities with other USAID projects such as CEED?
18. Was BIZTAR sufficiently active under each of its components and results areas?

19. Did the BIZTAR project employ the right mix of personnel at appropriate levels of expertise in order to ensure success?
20. If BIZTAR were to be continued in some format under a follow-on activity, which of the original project components and results areas would merit continued support, which should no longer be supported, and what, if any, new areas should be considered for addition?

IV. TEAM COMPOSITION

The evaluation team will consist of 3 members. The team shall include:

Team Members

1. SENIOR TECHNICAL ADVISOR/TEAM LEADER
2. THE ECONOMIC AND TRADE ANALYST
3. LOCAL ADMINISTRATIVE PROFESSIONAL / INTERPRETER

The Senior Technical Advisor/Team and the Economic and Trade Analyst, with the support of a local professional, should have combined experience and qualifications to evaluate both component areas of the BIZTAR project.

Senior Technical Advisor/ Team Leader – Level 1

The Senior Technical Advisor/Team Leader must have relevant experience in evaluating programs focused on public administration and major program components of the BIZTAR activity including business regulatory reform, and/or tax administration reform; prior experience in Eastern Europe or the Former Soviet Union. The Senior Technical Advisor/Team Leader must have 15 years of experience and an MBA, MS in economics, or a relevant discipline is required. In addition, he/she must have experience managing teams in the field.

The team leader will be responsible for the overall management of the evaluation including the coordination, scheduling and assignment of team members to the tasks necessary for the completion of the evaluation; coordination of team discussions of findings and conclusions; preparation and submission of draft outlines, findings and reports; preparation and timely submission of the final report; and consultation with and briefing of USAID/Chisinau as required in the Scope of Work.

Specifically, the team leader will:

- Develop a work plan for the evaluation by the close of the second day in Chisinau, in consultation with USAID/Chisinau.
- Provide weekly briefings to relevant USAID officials in order to keep them current on the progress of the evaluation and to resolve any issues that may arise.
- Submit a draft outline for the evaluation report by COB of the team's fifth workday in Moldova.
- Present the team's draft findings to USAID/Chisinau during a debriefing for all interested USAID/Chisinau staff during the third week in Moldova.
- Submit the written draft report by the end of the third week in Moldova.

- Prepare, complete and submit a final report to USAID/Chisinau within five workdays following the receipt of comments from USAID/Chisinau staff on the draft report.

Economic and Trade Analyst – Level 2

The Economic and Trade Analyst must have relevant experience in public administration, particularly emphasizing one or more key areas of the BIZTAR project including the business regulatory environment and/or tax administration reform. The Economic and Trade Analyst should have 10 years prior experience in Eastern Europe or the Former Soviet Union. An MBA or MS in economics or a relevant discipline is required.

The Economic and Trade Analyst will work under the direction of the Team leader and will be responsible for assisting the Team Leader in the overall management of the assessment including the coordination, scheduling and assignment of team members to the tasks necessary for the completion of the assessment; coordination of team discussions of findings and conclusions; preparation of draft reports and a final report; and consultation with and briefing of USAID/Chisinau as required in the Scope of Work.

Local Administrative Professional / Interpreter

The local member of the team must be a Moldovan professional with significant relevant experience in business regulation or a related field. Experience working with international donors is required. An MBA, MS in economics, JD or degree in another relevant discipline is required. English and Romanian language proficiency is required.

The local team member will serve in a dual role. In the first role, as an Administrative Professional s/he will be responsible for scheduling meetings, coordinating transportation and other logistics, as well as drafting and updating the team's schedule. As an interpreter, she/he will attend all meetings where interpretation services are needed and provide the team with reliable translation. The team member will provide local context and understanding of local situation and the business regulatory environment in Moldova, as well as following up on questions from the other team members as relates to local administrative structures.

V. METHODOLOGY

Prior to departure for Chisinau, the team members should review the following background materials that will be provided by USAID/Chisinau:

- The Contract between USAID and DAI establishing the BIZTAR project, along with modifications
- BIZTAR work plans
- BIZTAR Performance Monitoring Plan (PMP)
- World Bank Doing Business reports from 2006 to present
- BIZTAR quarterly and yearly reports
- Technical reports from BIZTAR
- Moldova National Development Strategy 2008 – 2011

- “Rethink Moldova” Strategy 2010 - 2013⁷USAID/Chisinau Country Strategy

Other documents may be provided as needed upon the arrival of the team members to Chisinau upon request.

USAID shall provide the team with names and contact information for key individuals to be interviewed in Moldova. The team should conduct interviews with the following:

- USAID/Chisinau staff
- BIZTAR staff in Chisinau
- Major international donor organizations working in the Moldova on private sector and/or regulatory reform and public administrative reform, including World Bank, EU Delegation, DFID, and SIDA.
- USAID’s CEED II Project
- Representatives of the Ministry of Finance – State Tax Service (STS)
- Representatives of the Moldovan Customs Service
- Project coordinator for the Moldova Rapid Governance Support Project (MRGSP)
- U.S. Embassy Political / Economic section, Economic officer
- Representatives of the Ministry of Economy
- Representatives of the Ministry of Construction and Regional Development
- Representatives of the National Social Security House
- Representatives of the National Bureau of Statistics
- Representatives of the private sector (AmCham, Chamber of Commerce and industry, CONDRUMAT)
- Representatives of the Licensing Chamber and State Registration Chamber

The U.S.-based team members should also contact Jason Singer, from DAI’s Main Office telephone 301-771-7678 to request an interview regarding the BIZTAR activity, prior to their departure from the U.S.

Other opportunities for interviews may be identified and pursued by the evaluation team. The team shall develop a work plan for the evaluation by the close of the second day in Chisinau, in consultation with USAID/Chisinau. The team will spend a minimum 18 business days in Moldova conducting the evaluation and preparing the report. The team is authorized to work six days a week for this evaluation while in Moldova.

The team will travel in Chisinau and elsewhere in Moldova as required to view program activities, although it is expected that the majority of the team’s work will take place in Chisinau. Detailed schedules for all site visits and interviews should be developed by the contractor prior to the commencement of the evaluation in Moldova, and will be included in the Work Plan.

⁷<http://siteresources.worldbank.org/INTMOLDOVA/Resources/Rethink-Moldova-2010-2013-Final-edit-110310.pdf>

VI. DELIVERABLES

Briefings: The team shall conduct two weekly briefings for relevant USAID officials in order to keep them current on the progress of the evaluation and to resolve any issues that may arise.

Work plan: In consultation with USAID/Moldova, the team shall submit a work plan for the evaluation by the close of the second business day in Chisinau.

Draft outline: The team shall submit a draft outline for the evaluation report by COB of their fifth business days in Moldova. USAID/Chisinau and the team shall agree on the report outline within three workdays after submission.

Debriefing with USAID: The team shall present their draft findings to USAID/Chisinau during a debriefing for all interested USAID/Chisinau staff during the third week in Moldova.

Draft Evaluation Report: A written draft report will be due after the debriefing so that any questions or feedback received during the debriefing may be addressed in the draft evaluation report. The draft evaluation report shall be submitted by the end of the team's third week in Moldova.

Final Evaluation Report: The final evaluation report shall be completed by the team leader and submitted to USAID/Chisinau within five workdays after receipt of the written comments from USAID/Chisinau. Team Leader must submit Final Evaluation Report to the Development Experience Clearinghouse (DEC) online at <http://dec.usaid.gov>.

The final report shall contain the following:

- An executive summary not to exceed one page in length. The executive summary should present the major findings, observations, and conclusions of the evaluation, and a summary of recommendations for changes, improvements and possible synergies that can be achieved in USAID's business regulatory environment activities in the future;
- An introduction and background section for the overall evaluation;
- A separate section of detailed findings and observations for each program component assessed.
- A discussion of conclusions and recommendations. This shall include recommendations and a detailed discussion of strategic opportunities for USAID programming.

USAID expects that assessment will be done o/a April 15, 2011.

VII. Logistic Support.

The contractor is responsible for all logistic support needed to conduct this evaluation.

ANNEX F: BIZTAR - ANNUAL BREAKDOWN OF RESULTS MATRIX

		2007	2008	2009	2010	2011/ March	TOTAL ⁸
Component 1 : Regulatory Reform							
RO - Moldova's overall ranking on the World Bank's Annual Doing Business assessment	Plan	N/A	N/A	N/A	94	< 90	
	Actual	N/A	108	94	87	90	
1.1 Improved Business Licensing Procedure⁹							
Number of business licensing procedures	Plan	30	N/A	Decrease by 10%	Decrease by 10%		
	Actual	N/A	N/A	N/S	N/S		
Number of days required to deal with licenses	Plan	292	N/A	Decrease by 5%	Decrease by 5%		
	Actual	N/A	280	N/S	N/S		
Cost of dealing with licenses	Plan	154.2	N/A	Decrease by 5%	Decrease by 5%		
	Actual	N/A	N/S	N/S	N/S		
1.1 Improved Business Practices[*]							

⁸ The column "TOTAL" is not filled in as indicators the set annual indicators are not subject to be totalised

⁹ Color Blue indicates pre-September 2010, No-color indicates post September 2010

^{*} Indicators set up according to the revised PMP August 16, 2010

		2007	2008	2009	2010	2011/	TOTAL ⁸
1.1.1 Support GRMs Efforts to Improve Doing Business Rankings							
R1 - No. of procedures businesses must complete to obtain construction permit	Plan	30	20	20	25	20	
	Actual	30	30	27	27	27	
R2 - No. of days required to deal with construction permits	Plan	N/A	100	100	150	100	
	Actual	292	236	236	221	221	
R3 - Cost of dealing with construction permits	Plan	N/A	N/A	N/A	\$ 120	\$ 100	
	Actual	\$ 154.2	N/A	\$ 120.5	\$110	\$110	
R4 - No. of procedures to start a business	Plan	N/A	N/A	N/A	7	7	
	Actual	9	N/A	8	8	8	
R5 - Time needed for starting a business, days	Plan	N/A	N/A	N/A	6	6	
	Actual	9	N/A	9	9	9	
1.1.2 Guillotine II + Simplification of GOM Administrative Controls of Business							
R6 - No. of permits & authorizations eliminated with BIZTAR assistance	Plan	N/A	N/A	N/A	6	150	
	Actual	N/A	N/A	N/A	TBD	TBD	
1.1.3 Licensing Reform							
R7 - No. of licenses eliminated	Plan	N/A	N/A	N/A	28	28	
	Actual	37	37	32	32	32	
1.1.4 Support for One-Stop-Shops							
R8 - No. OSSs created with USAID support which continues to	Plan	N/A	6	6	4	5	
	Actual	6	6	4	4	4	

		2007	2008	2009	2010	2011/	TOTAL ⁸
be active							
R9 - Legislative framework for OSS at local public authorities proposed to GOM	Plan	N/A	N/A	N/A	1	1	
	Actual	0	0	N/A	1	N/A	
1.1.5 Easier Process to Obtain & Renew Trade Authorizations							
R10 - Concept paper to create an OSS for trade authorizations accepted by Chisinau Mayoralty	Plan	N/A	N/A	N/A	1	1	
	Actual	0	0	N/A	1	1	
1.1.6 Increased Access to Central Government Services outside Chisinau							
R11 - Licensing Chamber adopts a system to allow electronic applications for businesses outside Chisinau	Plan	N/A	N/A	N/A	0	1	
	Actual	0	0	N/A	0	In progress	
1.2 Simplified Business Report Requirements							
Number of business reporting requirements	Plan	TBD	TBD	TBD	TBD		
	Actual	N/A	N/A	NA	N/A		
Number of days to meet business reporting requirements	Plan	TBD	TBD	TBD	TBD		
	Actual	N/A	13	13	13		
Percentage reduction in the number of firms reporting bribery in obtaining licenses	Plan	TBD	TBD	TBD	TBD		
	Actual	N/A	N/A	N/A	N/A		

		2007	2008	2009	2010	2011/	TOTAL ⁸
1.2 Simplified Business Reporting Requirements*							
1.2.1 Reduced overall Reporting Burden							
R12 - Overall time to complete & submit reports to NBS, STS CNAS, hours	Plan	N/A	N/A	N/A	250	200	
	Actual	N/A	439	296	TBD/wb ranking	TBD	
1.2.2 Simplified reporting process to NBS, STS & CNAS							
R13 - No. of companies that submit electronically quarterly report to CNAS at least once per calendar year	Plan	N/A	N/A	N/A	0	1000	
	Actual	N/A	0	N/A	0	In progress	
R14 - No. of businesses reporting to NBS using the consolidated form	Plan	N/A	N/A	N/A	0	500	
	Actual	N/A	N/A	0	0	10300	
R15 - No. of businesses using 'Declaratia Rapida' service at least 3 x during a calendar year	Plan	N/A	N/A	500	5000	N/A	
	Actual	N/A	N/A	530	3500	9594	
1.3 Improved Access to Government Information							
Quality of information regarding changes in policies and regulations	Plan	3.4	3.6	3.7	3.9		
	Actual	N/A	N/S	N/S	N/S		
Presence of demanding regulatory standards	Plan	3.6	3.8	4.2	4.4		
	Actual	N/A	N/S	N/S	N/S		

* Indicators revealed according to the revised PMP August 16, 2010

		2007	2008	2009	2010	2011/	TOTAL ⁸
1.3 Improved Access to Government Information*							
R16 - No. of hits on GoM Web Pages promoted / supported by BIZTAR	Plan	N/A	N/A	N/A	N/A	N/A	
	Actual	N/A	N/A	N/A	1002775	412797	
R17 - Local Laws Portals used, users	Plan	N/A	N/A	N/A	N/A	2000	
	Actual	N/A	N/A	N/A	TBD	In progress	
1.4 Effective Monitoring of Reform and Public Awareness							
Burden of government regulation	Plan	2.5	2.6	2.8	3.0		
	Actual	N/A	N/S	N/S	N/S		
Efficiency of the legal framework	Plan	2.6	2.8	3.2	3.4		
	Actual	N/A	N/S	N/S	N/S		
1.4 Effective Monitoring of Reform & Public Awareness*							
R18 - Percentage of businesses that consider they benefitted from BIZTAR's activity	Plan	N/A	N/A	N/S	10	20	
	Actual	N/A	0	2	2	TBD	
R19 - Percentage of businesses that are aware of government reform agenda supported by BIZTAR	Plan	N/A	N/A	N/A	15	30	
	Actual	N/A	N/A	N/A	15	N/A	

* Indicators revealed according to the revised PMP August 16, 2010

		2007	2008	2009	2010	2011/	TOTAL ⁸
R20 - Percentage of accountants ever having heard about USAID / BIZTAR	Plan	N/A	10	N/S	25	30	
	Actual	0	N/M	22	TBD	TBD	
R21 - Percentage of businesses that recognize BIZTAR as a USAID project	Plan	N/A	10	N/S	25	30	
	Actual	0	N/M	22	TBD	TBD	
1.4.1 Participation in Monitoring Reform							
R22 - No. of times business representatives & public authorities representatives participated at BIZTAR supported discussions	Plan	N/A	450	N/S	N/A	N/A	
	Actual	0	N/M	1748	2653	421	
R23 - No. of articles or news stories about USAID /BIZTAR activities	Plan	N/A	N/S	N/S	70	70	
	Actual	0	N/A	62	549	5	
R24 - Rayons / municipalities represented during the regional events	Plan	N/A	16	16	25	25	
	Actual	0	16	23	35	2	
1.5 Improved Capacity & Increased Transparency in Customs Administration							
R25 - No. of customs harmonization procedures implemented in accordance with internationally accepted standards as a result of US	Plan	N/A	N/A	N/A	1	5	
	Actual	N/A	0	N/S	N/S	N/S	

		2007	2008	2009	2010	2011/	TOTAL ⁸
assistance, areas							
R26 - Revised Kyoto-harmonious Customs Code adopted	Plan	N/A	N/A	N/S	0	1	
	Actual	N/A	0	N/M	N/S	N/S	
R27 - Customs Code of Conduct adopted	Plan	N/A	N/A	N/S	TBD	1	
	Actual	N/A	0	N/M	TBD	TBD	
R28 - AEO Program implemented	Plan	N/A	N/S	N/S	2	7	
	Actual	0	N/M	N/M	TBD	TBD	
R29 - HR Management procedures at Customs revised	Plan	N/A	N/S	N/S	2	7	
	Actual	0	N/M	N/M	TBD	TBD	
R30 - Risk Management procedures at Customs revised	Plan	N/A	N/S	N/S	2	5	
	Actual	0	N/M	N/M	TBD	TBD	
Component 2: Tax Administration Reform							
TO - Moldova's rank on the Ease of Paying Taxes indicator in the World Bank Doing Business Survey	Plan	N/A	N/S	N/S	TBD	TBD	
	Actual	N/A	123	123	101	101	
2.1 Simplified Tax Reporting Requirements							
Number of tax payments for business	Plan	49	n/a	41	33		
	Actual	N/A	N/A	N/S	N/S		
Number of hours for individuals to prepare and pay taxes	Plan	218	n/a	TBD	TBD		
	Actual	N/A	N/A	N/S	N/S		
2.2 Improved Taxpayer Services							

		2007	2008	2009	2010	2011/	TOTAL ⁸
Percentage reduction in number of firms reporting bribery in contacts with tax authorities	Plan	TBD	TBD	TBD	TBD		
	Actual	N/A	N/S	N/S	N/S		
2.3 Improved Effectiveness of the Audit Program							
Number of audits and controls of individual taxpayers	Plan	40,000 (approx)	TBD	TBD	TBD		
	Actual	N/A	N/S	N/S	N/S		
Number of small businesses audited/controlled	Plan	10,569	TBD	TBD	TBD		
	Actual	N/A	N/S	N/S	N/S		
Cost of tax administration	Plan	1.3%	1.3%	1.2%	0.9%		
	Actual	N/A	N/S	N/S	N/S		
2.4 Improved Tax Appeal Process							
Appeals sent to courts	Plan	25%	25%	20%	10%		
	Actual	N/A	N/S	N/S	N/S		
2.5 Tax Fraud Prevented							
VAT c-efficiency	Plan	68	68	72	75		
	Actual	N/A	N/S	N/S	N/S		
PIT productivity	Plan	0.25	0.25	0.30	0.46		
	Actual	N/A	N/S	N/S	N/S		
2.1 Simplified Tax Reporting Requirements*							
T1 - No. of hours for businesses to prepare & pay taxes	Plan	N/A	N/S	N/S	228	200	
	Actual	234	234	228	228	228	

* Indicators revealed according to the revised PMP August 16, 2010

		2007	2008	2009	2010	2011/	TOTAL ⁸
2.1.1 Combining Payroll Taxes							
T2 - Concept paper presented to Ministry of Finance	Plan	N/A	N/A	N/A	0	1	
	Actual	0	0	0	0	0	
T3 - Legislation to combine payroll is adopted	Plan	N/A	N/A	N/A	0	1	
	Actual	0	0	0	0	TBD	
T4 - No. of tax payments for business	Plan	N/A	N/S	N/S	48	40	
	Actual	N/A	49	48	48	48	
2.2 Improved Taxpayer Services							
2.2.1 Improved access to real time taxpayer current accounts							
T5 - No. of businesses having e-certificates issued by FiscServInform	Plan	N/A	N/S	N/S	3000	TBD	
	Actual	0	0	0	3000	TBD	
T6 - No. of companies & individuals assessing STS current account	Plan	N/A	N/S	N/S	0	2000	
	Actual	0	0	0	0	TBD	
2.2.2 Institutional Development Strategy updated							
T7 - 2011-2-15 Strategic Plan approved by Government Decision	Plan	N/A	N/A	N/A	1	1	
	Actual	0	N/A	N/A	TBD	TBD	
2.2.3 Taxpayers rights							
T8 - Guide to taxpayer rights produced & disseminated	Plan	N/A	N/A	N/A	1	1	
	Actual	0	N/A	N/A	TBD	TBD	
2.3 Improved Tax Appeals							
T9 - %age of appeals	Plan	N/A	N/M	N/M	N/M	N/S	

		2007	2008	2009	2010	2011/	TOTAL ⁸
solved at the level of STS , of total no. of appeals from companies	Actual	TBD	N/S	N/S	TBD	N/S	
T10 - No. of new instruments adopted to improve tax appeals	Plan	N/A	2	2	3	4	
	Actual	0	1	2	2	2	
2.4 Improved Tax Audit (Inspection) Procedures							
T11 - New (other) methodologies adopted by STS to improve tax administration	Plan	N/A	N/S	N/S	0	3	
	Actual	0	N/A	N/A	TBD	TBD	
2.5 Tax Fraud Prevented							
T12 - New methodologies to identify & prevent tax fraud	Plan	N/A	N/S	N/S	0	3	
	Actual	0	N/A	N/A	TBD	TBD	
2.6 More Efficient & Effective Collection of VAT at Customs							
T13 - Amount of VAT collected annually by Customs	Plan	N/A	N/S	N/S	TBD	TBD	
	Actual	0	N/A	N/A	TBD	TBD	
T14 - Program components to reduce corruption completed	Plan	N/A	N/S	N/S	0	TBD	
	Actual	0	N/A	N/A	TBD	TBD	
2.7 Improved Fiscal Policy							
2.7.1 Improved formulation of tax policy							
T15 - No. of policy reforms / regulations / administrative	Plan	N/A	N/S	N/S	0	TBD	
	Actual	0	N/A	N/A	TBD	TBD	

		2007	2008	2009	2010	2011/	TOTAL ⁸
procedures for which implementation has begun with USG assistance (F Common Indicator)							
2.7.2 Re-establishment of a Corporate Income Tax							
T16 - No. of policy issues analyzed in Year 4	Plan	N/A	N/S	N/S	2	TBD	
	Actual	0	N/A	N/A	TBD	TBD	
2.7.3 Fiscal Policy unit strengthened							
T17 - No. of personnel in fiscal policy trained with USG assistance (F Common Indicator)	Plan	N/A	N/S	N/S	2	4	
	Actual	0	N/A	N/A	TBD	TBD	