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# **Business Regulatory & Tax Administration Reform Project**

## **Workplan**

October 1, 2008 - September 30, 2009

Resubmitted October 9, 2008

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## ACRONYMS

BIZTAR	Business Regulatory & Tax Administration Reform Project
CNAS	National Social Insurance House
CCI	Chamber of Commerce and Industry
GNI	Gross National Income
GRM	Government of the Republic of Moldova
IMF	International Monetary Fund
IRM	Information resource management
IT	Information Technologies
MCTD	Ministry of Construction and Territorial Development
MET	Ministry of Economy and Trade
MID	Ministry of Information Development
MGTCP	Moldova Government Threshold Country Project
NBS	National Bureau of Statistics
NWG	National Working Group on Regulatory Reform
OSS	One Stop Shop
RIA	Regulatory Impact Assessment
RWG	Regional Working Group on Regulatory Reform
STS	State Tax Service
TBD	To be identified
TTI	Territorial Tax Inspectorate
USAID	United States Agency for International Development

# BIZTAR YEAR 2 WORK PLAN NARRATIVE

## 1. INTRODUCTION

### The mandate

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 seeks 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 information. The BIZTAR Project is accomplishing these objectives through improvements in the performance of a variety of government partners, including the creative deployment of information and communications technology (ICT) to facilitate transparent data management, streamlined administrative processes, and enhanced private-public sector partnerships; it is also assisting government and the private sector promote public awareness and support for policy reforms to create a better business environment.

Over the past few years, Moldova has embarked on a program of comprehensive structural reforms to complement its prudent macroeconomic management. These efforts aim at creating a vastly more hospitable environment for business creation and enterprise growth. They form part of a broader transition strategy to create a market economy that can compete in Europe. Moldova's President Voronin reasserted his commitment to that reform agenda in his cabinet reshuffling in early 2008. The principal mandate for the Business Regulatory and Tax Administration Reform (BIZTAR) Project is to broaden and deepen that reform agenda, interfacing closely with other assistance efforts.

Support for the full implementation of the Guillotine II Law with its emphasis on a participatory approach through the National Working Group and revitalized Regional Working Groups is central to the Project. A number of other activities, described in this work plan, complement this focus to create comprehensive support to efforts to modernize the country's business enabling environment. In addition, the BIZTAR Project will provide targeted support for the modernization of Moldova's tax administration system, in cooperation with other assistance efforts, such as that provided under the Moldova Governance Threshold Country Plan Project (MGTCP) and the UNDP-supported implementation of e-Moldova.

On the regulatory reform side, the Project will pursue three main tasks—i) reduce the administrative burden on business of interfacing with government institutions, ii) ensure that government institutions have faster access to the kind of information required by their mandates for of service delivery and policy oversight, and iii) make the process of service delivery and policy oversight more efficient and transparent to businesses and individual citizens to facilitate broader participation and greater compliance. On the tax administration side, the BIZTAR Project will support efforts to broaden and improve tax services, in particular, in the areas of fraud and appeals, and to make some services more user-friendly, such as submission of taxpayer declarations and obtaining taxpayer certifications. It will also address selected aspects of tax policy as they affect the ability of the State Tax Service to work more efficiently, and the uses of the information that it gathers for other institutions.

While the presentation here maintains a degree of separation between the regulatory and tax administration reform side, in practice the Project encompasses an integral approach to reforms, including energizing private sector participation and improving access to more accurate government information. This will synergistically contribute to raising the competitiveness of the Moldovan economy and make it a more attractive destination for investment.

## 2. OBJECTIVES AND SCOPE OF THE BIZTAR YEAR 2 WORK PLAN

This document outlines the workplan for the *Business Regulatory & Tax Administration Reform (BIZTAR)* Project for the period October 1, 2008 through September 30, 2009. This work plan was developed in consultation with government and private sector partners as well as key donors. It also sketches objectives and activities for the third and final year of the Project beyond this second year in outline form. The underlying approach is that of a “rolling workplan;” this workplan—and subsequent editions—will be subject to review and revision after a period of six months, (for this version, in April 2009 after expected elections). That revision will provide the foundation for a revised work plan for the next months, covering the period from April through September 2009.

### *Strategic priorities for Year 1*

The ultimate vision that guided the BIZTAR Project in Year 1 was to engage targeted partners in a commitment to create an enabling environment to foster enterprise growth and competitive performance. That vision entails a fundamental transition of the relationship between government and business, as well as the involvement of individual citizens. Partners are just beginning to accept the need to demonstrate that benefits to society as a whole *justify* the regulatory and administrative costs to business that affects price competitiveness. Overall, the BIZTAR message has been that the government also has to provide support to ensure that Moldovan entrepreneurs can compete on non-price factors; that they can meet and keep up with global standards.

For the first year of the BIZTAR Project, we pursued strategic priorities:

- Development of preliminary needs assessments and work plans with all partners;
- Delivery and discussion of a benchmarking study on tax administration highlighting areas of efficiency and deficiency relative to comparator countries and international best practice;
- Identifying with the State Tax Service (STS) software applications that will be necessary to streamline processing taxpayer declarations, allow for improved access to tax data, and improve the overall efficiency of tax administration;
- Establishing an institutional structure to make it easier for businesses to obtain required licenses;
- Initiation of the development of a workable concept of a “national one-stop shop” that reflects a consensus of key institutions, to include in Year 2 a draft of the normative acts needed to translate that concept into reality;
- Streamlining the very complex and burdensome regulatory procedures in construction, in cooperation with the newly established Ministry of Construction and Territorial Development (MCTD) and Chisinau Mayorality;
- Assessment of CNAS and NBS operations identifying areas for reducing reporting burden;
- Initiation of coordination with the Ministry of Informational Development (MID) given BIZTAR emphasis on the use of IT solutions to improve the government-to-business interface; and
- Supporting the National Working Group on Regulatory Reform (NWG) and developing an engagement strategy with regional partners and the respective Regional Working Groups on Regulatory Reform (RWGs).

As a result, in Year 1, encompassing the period Oct. 2007 – Sept. 2008, the project and its partners had many important achievements. These included:

- a) Development of a Draft Law streamlining authorization for construction works, including a Preliminary Regulatory Impact Assessment (RIA)
- b) Government Decision mandating interagency data exchange centered on the Licensing Chamber;
- c) Establishing a Working Group for Licensing to work with the Licensing Chamber on streamlining licensing procedures
- d) Beginning improvement to the Licensing Chamber's electronic registry with development of a Licensing Electronic One Stop Shop (OSS)
- e) Initiated development of the Electronic Guide in Licensing
- f) Receipt, reviewing, and formalization of partnership agreements with regional partners and assistance in conducting several regional events on Regulatory Reform
- g) Initiating a Study on legislative and regulatory framework for a national One-Stop Shop system
- h) Continuing assistance to MID and national independent regulator in developing state policy and strategy for electronic communications
- i) Drafting a simple methodology to periodically assess reporting burden
- j) Development of a draft strategy for improving performance on *Doing Business* indicators
- k) Benchmarking study on Moldovan tax administration highlight areas of outstanding performance and identifying areas for BIZTAR assistance
- l) Initiation of a microsimulation assessment to determine possibilities for reducing the taxpayer roll
- m) Passage of a Law on simplified liquidation of tax arrears (debts), for achieving objectives stipulated in an IMF Memorandum
- n) Initiation of development of bar-coding software to streamline processing taxpayer returns
- o) Initial assessment of STS' procedures and organization for both appeals and fraud, as well as instruction of the concept of an office for Taxpayer Special Services to STS
- p) Conceptual support on developing Tax Procedure Code draft

### ***Strategic priorities for Year 2***

The overall priority for year 2 is to deepen the reform agenda described in this document and achieve significant business-friendly changes within all our government partners before parliamentary and presidential elections are held in the spring of 2009 and then work with new officials to revise the work plan and reestablish an aggressive reform rhythm.

This work plan is presented in the following four sections. The first (section 3 in this document) describes objectives and timing for regulatory reform, following four intermediate results: 1.1 Improved business practices, 1.2 Simplified business reporting requirements, 1.3 Improved access to government information, and 1.4 Effective monitoring of reforms and public awareness. In the section 4, the objectives, activities and targets for BIZTAR support for tax administration reform are presented, following 4 corresponding intermediate results: 2.1 Simplified tax reporting requirements, 2.2. Improved taxpayer services, 2.3. Improved effectiveness of the audit program, 2.4 Improved tax

appeal procedures, and 2.5 Tax frauds prevented. Some general comments about cross cutting activities (IT and monitoring) as well as BIZTAR organization are presented in section 5. And the final section contains illustrative actions and objectives for Year 3.

### 3. REGULATORY REFORM

#### *Result 1.1: Improved business practices*

##### **1. Develop a strategy for improving performance on *Doing Business* indicators:**

In Year 1, the project produced an analysis<sup>1</sup> of the way in which indicators and subindicators for the 2008 edition of the World Bank's *Doing Business* series on Moldova compare with similar measures for selected comparison countries, such as Romania and one of the Baltic countries. The study identified the steps where Moldovan entrepreneurs encounter delays or costs that seem out of proportion with comparison countries. This analysis and its review in Year 1 contributed to the identification of some specific efforts to streamline construction licensing involving both the Licensing Chamber and the Ministry of Construction. In Year 2, those steps will be analyzed further in the context of the results of the *Doing Business 2009* report to identify the causes of the disproportionate delays and costs— whether existing laws, regulations, and/or administrative practices. The results of this detailed analysis will lead to further refinements in the work plans with individual partners for tackling these specific steps and their associated costs and delays.

Two *Doing Business* indicators will be principally addressed in year 2: construction permits and paying taxes. Activities in those areas are described below. A national review of the *Doing Business 2009* report, focused at a minimum on the construction permitting and paying taxes indicators will be sponsored by BIZTAR in November of 2008.

In Q1, BIZTAR will also undertake a special assessment of the factors constraining the ease of trading across borders.

In addition, in Q1, BIZTAR will develop a communications strategy (communications themes, activities calendar, and budget) with two major objectives. The first is to promote increased awareness among the public, and in particular among the business sector, that the government is changing to become more business friendly and that there are some significant changes worthy of note. The second is to help government and private agencies more effectively communicate to key stakeholders and in particular the World Bank the nature and impact of those changes, with respect to the *Doing Business* indicators. To that end, agencies will be assisted to develop and present brief annual reports with productivity data to the public, the business community, and international organizations.

BIZTAR staff will also develop with GRM partners and the private sector a methodology to measure and aggregate economic benefits from BIZTAR-supported reforms (Q1, with continuing measurement throughout the year).

BIZTAR will also develop special reports on regulatory barriers to economic growth and the conduct of business as these are identified, for example, through activities of the Regional Working Groups.

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<sup>1</sup> Moldova Business Regulatory & Tax Administration Reform Project (BIZTAR): *Doing Business* in Moldova: A strategic analysis, by Ulrich Ernst, February 27, 2008.

## **2. Guillotine II enactment laws implementation, regulatory reform, and regulatory impact analysis:**

The Guillotine II Law provides for the mandatory application of Regulatory Impact Analysis (RIA) of existing and new legislation. Starting in 2008, the Prime Minister has insisted that all proposed legislation impacting the conduct of business be accompanied by a RIA. The World Bank-funded RIA Project working with the Ministry of Economy and Trade is providing support to the national project unit; however, the quality of RIAs being produced is irregular. BIZTAR will work with selected Ministries and agencies (Ministry of Finance, MCTD, STS, and CNAS) to develop RIAs for proposed regulations.

- a) Assistance to the National Working Group (NWG) on Regulatory Reform:** The 32-member NWG has held public meetings weekly throughout most of 2008 and includes a permanent member from the Chamber of Commerce and Industry as well as a permanent member from BIZTAR (Mr. Osmochescu who is a member of the State Commission for Regulation Entrepreneurial Activity). Through August 2008, they revised 113 draft regulatory acts, 113 Preliminary RIAs, and 2 Final RIAs, of which during these period 70% were approved unconditionally, 25 % were returned for improved formulation, and 5% are pending review.

In Year 2, BIZTAR plans to deepen its involvement in NWG's activities by being assigned to take the lead in certain areas of policy making – potentially taxation and construction. In this respect, the Project will assist and facilitate respective authorities in drafting regulations and RIAs as well as will act as co-rapporteur in the NWG's sessions.

### **b) One Stop Shop legislative and institutional framework**

A USAID assessment of the functioning of the regional One Stop Shops established in 2006 under the sponsorship of BIZPRO showed irregular usage by local authorities and business. In 2008, at least one OSS (Orhei) issued call for help following the hostility of the newly elected mayor to continue an initiative of another political party. The Ministry of Economy and Trade (MET) as well as the National Working Group on Regulatory Reform (NWG) both support the need to develop a legislative framework that requires the establishment of a One Stop Shop and describes it procedurally and inter-institutionally. To support this initiative, in Year 1 BIZTAR formed a team of consultants, including a short-term international consultant, to review OSS organizational and operational options and to make a recommendation, with a respective RIA for review by the NWG and then the Cabinet. That review will be presented in Q1, with modifications to the existing legal and institutional framework on OSS projected for late Q1 or Q2.

Following approval of proposed amendments, BIZTAR will work with the MET, the NWG, and the CCI to determine best options to disseminate the modifications, with the participation of the RWGs, and promote their enactment, first in Chisinau and then subsequently in selected, targeted regions. This is expected to require additional assistance in facilitating electronic data sharing and in business process reengineering beyond that planned for Year 2 and described in this document.

- c) Assistance to the Regional Working Groups (RWGs) on Regulatory Reform:** In Q3 of year 1, BIZTAR held a meeting with strategic regional partners, such as regional branches of the Chamber of Commerce and Industry (CCI), which had served as partners in the implementation of BIZPRO, and had expressed their eagerness to play a similar role on the BIZTAR Project. At that meeting, areas of cooperation and potential support were discussed, in particular in implementing further the Guillotine process. A separate meeting was held

with the CCI in Chisinau to engage more actively its partnership. As a result of those meetings these strategic partners are taking on the responsibility of re-launching the RWGs; three were formally re-launched in Year 1 (Cahul in June, Balti in July, and Chisinau in September).

In the final quarter of Year 1, partnership agreements were formalized with strategic partners in Cahul, Chisinau, Orhei, and Balti which encompass limited financial support to sponsor key public informational workshops in their respective regions to promote increased awareness of reforms adopted and being considered. In at least one case, the NWG is expected to meet and discuss regulatory reform proposals in a region other than in Chisinau.

Strategic agreements with up to at least four others are expected to be formalized in Q1 of Year 2 and all strategic partners will receive assistance to strengthen existing One Stop Shops and to promote reforms locally.

In January 2009, strategic partners will participate in a joint assessment of work and develop work plans for 2009, which are expected to include limited financial support from BIZTAR. Following GRM legislative action on one stop shops (OSS) in December 2008, assistance will also be required to help local governments in alliance with BIZTAR's strategic partners adjust existing OSS implementation arrangements to the new GRM standards (ongoing starting Q2).

**Team:** E. Osmochescu (Team leader) - TBD, R. Ladus, G. Gordila, E. Locoman, International STTA – Karen Boothe, International STTA and Moldovan STTA – to be identified

### 3. Licensing Reform

The Licensing Chamber is the GRM organization mandated to issue 39 types of operating licenses for business, following business registration at the Registration Chamber. Before June 2008, the Licensing Chamber was issuing licenses within 21 days of presentation of all supporting documents. After June, the Licensing Law was amended accelerating the issuance of licenses by the Licensing Chamber within 9 days, or tacit approval is granted, and assigning the responsibility of the Licensing Chamber to obtain concurrence from all other GRM national agencies. The Licensing Chamber has identified four problems which hamper customer (business) satisfaction: 1) deficiencies in its customer service area, 2) deficiencies in its information management, in particular its electronic registry, 3) problems with data exchange with other relevant GRM agencies, and 4) poor customer knowledge of licensing requirements causing repeat visits before documentation is completed and accepted.

In Year 1, BIZTAR provided assistance to the Licensing Chamber in improving the customer service area in Chisinau; this has included equipment to improve customer service at the reception of documents. A local IT firm is developing a software solution for improving processing of licensing applications, including an MIS system to better gauge staff productivity and to provide more comprehensive reports to GRM. That improved registry will be delivered in Q1 with follow-on IT support to the Electronic Register delivered during ten additional months. In addition, a local specialist is assisting the Licensing Chamber to develop a guide for licensing in all 37 activities (after October 2008 the types of licenses issued by the Licensing Chamber will be reduced from 39 to 37). That guide should be finalized in Q1, with the establishment of the corresponding web portal in Q2 which will make licensing requirements and forms more accessible to potential customers.

BIZTAR also began in Year 1 to define the requirements to improve electronic data exchange between the Licensing Chamber and other GRM agencies, such as Agency for Cadastre, Register of Physical Persons, Legal Persons, and Vehicles, etc. That assessment is expected to be concluded in Q1. The needed software will be developed by Q2.

The Licensing Chamber will also receive BIZTAR assistance to better publicize both the requirements for business licensing, i.e., access to the web site, as well as its improvements which meet the legal mandate of 9 days. This will include circulation and discussion of an annual report of results, focused partially on increasing private sector and international organizations awareness about the improvements. The Director of the Licensing Chamber is expected to participate in at least 6 regional events during year 2 to describe improvements in licensing being undertaken.

The Licensing Chamber will also be assisted to undertake customer satisfaction surveys to determine the business-friendliness of improvements, usage of the web site, and to identify potential further improvements in operations and promotional materials.

**Team:** R. Ladus (Team leader), E. Osmochescu, S. Rabii, G. Gordila, E. Locoman, International and Moldovan STTA – to be identified, International STTA and Moldovan STTA – to be identified

#### **4. Streamlining ease of construction permits:**

In the Doing Business 2009 report (using 2007 data) Moldova ranked 158<sup>th</sup> (down 4 places from the Doing Business 2008 assessment) on the ease of obtaining construction permits; 30 procedures are required to obtain both authorizations to build and authorizations to utilize the constructed facility; they require on average 292 days to complete and cost on average 142% of GNI per capita. In Moldova, the procedural requirements are very ambiguous; indeed the laws and government decisions are too general, allowing for considerable discretionary decision-making by the involved regulatory authorities. The actual procedure is basically impossible to identify clearly just from the legal acts.

To get a more realistic picture, institutionalized behavior of involved public authorities needed to be explored. To this end, USAID|BIZTAR prepared a special report<sup>2</sup>, which concluded that the construction authorization process is even more burdensome and complex than described in the DB report, with considerable discretionary behavior from public authorities. There are also some regional differences in procedures, which vary principally by the size of locality as smaller towns have fewer applicants and therefore have often combined several local public authority functions under the same unit. These findings and related recommendations were shared with the Ministry of Construction and Territorial Development upon its creation in March 2008 and with the Chisinau mayoralty, as obtaining a construction permit involves six departments in the Mayor's Office, in addition to six utility enterprises. BIZTAR identified potential changes which could reduce the total duration of procedures from 292 days down to less than 200 days.

In year 1, BIZTAR supported GRM governmental initiatives with the newly-created Ministry of Construction to improve construction regulation by making it more transparent and simpler, thus making it easier for businesses to obtain construction permits and licenses. In Year 2, BIZTAR will continue to work with the Ministry of Construction and Territorial Development and the Chisinau mayoralty to develop and implement the One Stop Shop concept.

##### **a) Assistance to the Ministry of Construction:**

The GRM is well aware of the relative deficient performance of public authorities in construction regulation and licensing. For that and other management-related issues, the Ministry of Construction and Territorial Development (MCTD) was created in March 2008. The new Minister, a former businessman, immediately set out to streamline construction regulation procedures with BIZTAR assistance. The principal results of that assistance are an improved the draft law on authorizing initiation of construction works with a respective RIA showing that

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<sup>2</sup> Perspectives to optimize authorization in the field of construction: Comparative study of Chisinau and two local OSSs in Moldova', USAID|BIZTAR, by R. Ladus, May 2008.

annual net benefits generated by improvements might exceed 60 million lei (6 million US dollars). It is expected that the new law will reduce the number of procedures on authorizing the initiation of construction works from 17 to 10, with a corresponding acceleration in time from 186 days to no more than 86 days. In Year 2, BIZTAR will help the Ministry:

- Hold a national forum on the *Doing Business* Dealing with Construction Permits indicator – and efforts to introduce streamlining reforms;
- Identify and develop revised regulations and draft laws to assure compliance and removal of barriers with the new law, particularly in the areas of sanitary, environment, and fire (by Q4);
- Provide assistance in drafting a new law and related RIA in construction regulation dealing with reception of construction works. The first law will deal with procedures 1-17 from Dealing with Licenses Doing Business Indicator; the second new law will deal with the remaining procedures 17-30 (starting in Q1 through Q4).
- Help disseminate and increase public awareness about both new laws when approved (BIZTAR assistance begins in Q2, including visits by the Minister or his staff to the regions and with RWGs to explain and discuss reforms);
- Publication and dissemination of a guide on construction regulation (by Q3);
- Development of a Code of Construction to unify all construction-related legislation (this will carry over into year 3);
- Implementation of an electronic register of construction permits and related information, hosted by the State Inspection in Construction within MCTD, permitting data exchange with other agencies, e.g., the local public authorities and Licensing Chamber and enabling public access to that information (by Q4); and
- Increasing the transparency of technical normative documents (this is also required by this year's changes in legislation). This activity would include:
  - a. Identify the list and compile the text of technical documents (according to estimations there over one thousand documents)
  - b. Prepare the text for publication, including editing and other measures
  - c. Fund publication of a limited special edition of the Official Monitor
  - d. Revise and adjust as necessary the classificatory of juridical acts and features of Official Online Database of Juridical Acts hosted by the Ministry of Justice.

BIZTAR may also support a study tour for GRM and private sector officials to a Baltic state, e.g., Estonia, to examine first-hand and assess better construction licensing practices (Q3).

#### **b) Assistance to the Chisinau Mayorality:**

The Chisinau Mayorality has indicated interest in undertaking two inter-related organizational and service improvements: 1) establishment of a One Stop Shop for construction authorization, and 2) development of electronic data exchange capabilities with GRM agencies and internally to facilitate processing business service applications. To that end, software will be developed to facilitate an electronic register and processing of business applications for construction permits that includes data sharing with relevant GRM agencies like the State Inspection in Construction and Cadastre Agency; this will be concluded by Q2 with the launch of the OSS in the Chisinau Mayorality. BIZTAR will also assist the Chisinau Mayorality as well as the Chamber of Commerce and Industry promote use of this new OSS and related web site with consolidated information on regulatory requirements including potentially downloadable forms for business use (Q4). This will also include periodic respondent satisfaction surveys and surveys to assess regulatory burden (time) for compliance with application requirements.

BIZTAR will also assist the Chisinau Mayorality with important communications and coordination initiatives, in particular, a meeting (Q2) with the private sector to describe

achievements and reforms undertaken in 2008, potentially with subsequent quarterly meetings with the private sector (Q3 and Q4).

When those objectives are met, BIZTAR will review with the Chisinau Mayorality further assistance, taking into account legislative changes expected in late 2008 and early 2009.

In summary for Year 2, planned reforms in the Ministry of Construction and Territorial Development, the Chisinau mayorality and other central and local public authorities should make construction authorization significantly easier for Moldovan entrepreneurs. At a minimum, the time should be reduced to less than 200 days.

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### *Result 1.2: Simplified business reporting requirements*

Businesses operating in Moldova provide information with applications and also in compliance with reporting requirements. BIZTAR is working with the State Tax Service (STS), the Chisinau Mayorality, the Licensing Chamber, and the Ministry of Construction to review required information for applications for services or licenses. That assistance is encompassed in the description of BIZTAR's regulatory reform work above and in section 4 with reference to STS. Additionally in year 2, BIZTAR will work with the National Bureau of Statistics (NBS) and the National Social Insurance House (CNAS) to reduce reporting burden on businesses.

#### **a) National Bureau of Statistics (NBS)**

The principal objective of BIZTAR assistance to NBS and its stakeholders is to ease reporting burden and to improve access to government information. NBS is uncertain of the real possibilities to reduce reporting burden given GRM insistence on more frequent and more information. BIZTAR will assist NBS in several areas with a midyear review to make needed adjustments in the work plan:

**Improved linkages of public authorities with the Registration Chamber regarding sharing of statistical codes:** This will potentially alleviate the need for entrepreneurs to seek certificates for their statistical code(s) from NBS. The needs assessment and solution design will be completed in Q1, with the solution developed and implemented by the end of Q4.

**Elimination of some reports:** BIZTAR specialists will work with NBS to reduce the number of reports. A draft proposal will be developed jointly in Q1 with a solution developed for testing by the end of Q3 with an evaluation to be concluded in Q4.

**Pilot testing of sampling methodology to substitute for universal reporting and to reduce frequency of reports:** In Q1 BIZTAR will develop with NBS an operational research approach to test sampling in 2009 while continuing with universal reporting and to test the data quality impact of reduced report frequency. Results will be reviewed in Q3.

**Pilot testing of e-reporting:** NBS has indicated that their strategic vision includes extensive use of e-reporting. BIZTAR will work with NBS and providers of commercial accounting software to develop forms and encourage their use to permit direct production and e-reporting of NBS reports (throughout the year).

**Improvement of its communications capabilities with regional offices and its customers:** through internet access and conferencing facilities with regional offices (Q1).

**Improved website:** BIZTAR will assist NBS to review and where feasible to improve the content and usability of its new website, including systematic use of diagnostic tools to assess usage and customer-friendliness (Q1-Q2).

**Improved dialogue with the private sector:** BIZTAR will assist NBS to undertake several important communications and coordination initiatives. These will include a meeting (Q2) with the private sector to describe achievements and reforms undertaken in 2008, potentially with subsequent quarterly meetings with the private sector (Q3 and Q4). This will also include periodic respondent satisfaction surveys and surveys to assess reporting burden (time) for compliance with NBS reporting requirements; the assessment of reporting burden is a mandated practice for EU governments.

**Develop and disseminate outreach materials for users and businesses:** Once reporting requirements have been modified as a result of the preceding tasks, BIZTAR will support outreach efforts to inform businesses of the new requirements (starting in Q2 throughout the rest of the year).

#### **b) National Social Insurance House (CNAS)**

The principal objective of BIZTAR assistance to CNAS and its stakeholders is similarly to ease reporting burden and to improve access to government information. In year 1, a preliminary assessment<sup>3</sup> was conducted. BIZTAR will assist CNAS in several areas:

**Develop improved links with the Registration Chamber:** BIZTAR will work with both the Registration Chamber and CNAS to determine the best way to allow the Registration Chamber to act as a One Stop Shop and to register the entrepreneur with CNAS without requiring a separate visit to CNAS (Q1 and Q2, with a solution to be developed, tested, and implemented by the end of Q4).

**Development of improved links with STS and improved software to emit taxpayer certifications as required by STS:** BIZTAR will develop with CNAS and STS an assessment of options, including potential elimination of this requirement by STS (Q2-Q3).

**Assistance in developing RIAs and discussing changes in reports and reporting frequency with the private sector** (continuing through the year)

**Improved website:** BIZTAR will assist CNAS to assess and where feasible to improve the content and usability of its new website, including systematic use of diagnostic tools to assess usage and customer-friendliness (Q1-Q2).

**Assessment of Call Centre needs:** BIZTAR will help CNAS assess the needs and potential scope for a modern Call Centre at CNAS (Q1-Q2) which will most likely need to be funded by other sources.

**Improved dialogue with the private sector:** BIZTAR will also assist CNAS undertake several important communications and coordination initiatives. These will include a meeting (Q2) with the private sector to describe achievements and reforms undertaken in 2008, potentially with subsequent quarterly meetings with the private sector (Q3 and Q4). This will also include periodic customer satisfaction surveys and surveys to assess reporting burden (time) for compliance with CNAS reporting requirements.

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<sup>3</sup> CNAS Assessment: Reducing Social Insurance-related Reporting Requirements in Moldova, c. Erickson, Sept. 2008

**Develop and disseminate outreach materials for users and businesses:** As improvements are made by CNAS, BIZTAR will support outreach efforts to inform businesses of the new requirements (starting in Q2 throughout the rest of the year).

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### *Result 1.3: Improved access to government information*

BIZTAR will support improved access to government information through a coordinated communications program, encompassing:

- 1) Improved web sites with service provider information (regulations and downloadable forms) at several key GRM partners (Licensing Chamber in Q2, Chisinau Mayoralty in Q3, and the Ministry of Construction and Territorial Development in Q2-Q4), this will include management systems to monitor and assess customer usage of web sites.
- 2) Developing with MID the state policy and strategy for electronic communications that will assure sustainability of BIZTAR initiatives.
- 3) Enhancement of CNAS capabilities to issue web-accessible current account statements of payments made by business and on behalf of individuals to permit rapid identification by users of discrepancies in CNAS records of payments made: (baseline determination of demand and discrepancies currently being identified in Q1, design and delivery of software (Q2-Q3) with subsequent communications support to promote usage (Q3 and Q4).
- 4) Improving the functioning of Ministry of Justice database of normative acts: The Ministry of Justice has developed a web-accessible database of all normative acts (Register of Legal Acts) which could make it easy to assess interrelationships on specific issues. The Ministry of Justice has requested assistance to modernize the user interface and potentially the underlying data structure and related hardware infrastructure. A needs assessment and new design will be concluded by the end of Q2; the software and web site will be developed by the end of Q3.
- 5) Launch and promotion of private sector usage of these improvements will be supported by BIZTAR assistance in messaging design, promotional events, and limited mass media coverage.
- 6) Customer service training at NBS, CNAS, STS, Chisinau mayoralty, and MCTD.
- 7) Baseline development and monitoring of coverage and impacts.

**Team:** S. Rabii (Team leader), Moldovan software development and survey firms to be contracted, G. Gordila, E. Locoman, O. Grigoroï, R. Ladus, M&E Specialist – TBD, International STTA – Karen Boothe

### *Result 1.4: Ensure effective monitoring of reforms and public awareness*

To ensure public awareness of USAID-sponsored and GRM-initiated reforms, BIZTAR will:

- 1) Develop informational messaging and reform branding with stakeholders (Q1);
- 2) Develop a communications work plan, calendar and budget (estimated at \$150,000)
- 3) Sponsor regional meetings and fora, with the respective Regional Working Groups on Regulatory Reform (RWG) to discuss proposals and initiatives for regulatory and legislative reform (ongoing throughout the year);

- 4) Undertake information campaigns using written materials, radio, and limited TV coverage to communicate that there is a concerted and coordinated public-private program to ameliorate the business environment and to promote specific changes (starting May, after elections, ongoing throughout the year);
- 5) Develop a baseline on private sector awareness of government reform awareness (Q1) and to monitor awareness annually (Q4); this will include customer satisfaction surveys at key GRM partners, Licensing Chamber, CNAS, STS, and NBS (ongoing throughout the year).
- 6) Work with the CCI to undertake periodic surveys of topics related to the business enabling environment.

Among the major events to be supported by the BIZTAR communications program are:

- Year 2 work plan launch (Nov. 2008)
- Adoption of regulatory reforms developed by the RWGs (Q1)
- Launch of web sites providing access to licensing regulations and downloadable forms (starting at Licensing Chamber in Q1 and continuing in other quarters with other partners)
- Rollout of the STS bar-coding software (Q2)
- Launch of the OSS at the Chisinau mayoralty (Q2)
- Approval of the law of construction authorizations (Q3)
- Approval of the law on OSS (Q3)
- Launch of CNAS current account software (Q3)
- Announcement and promotion of the availability of NBS-approved software permitting the submission of some printed, software-generated reports (Q2)
- Reform performance review meetings with the private sector (for the Licensing Chamber, CNAS, NBS, STS, and MCTD) (Q2, and then quarterly in some cases)
- Rollout of the STS current account taxpayer certification software (Q4)

**Team:** G. Gordila (Team leader), E. Locoman, International STTA – Karen Boothe, M&E Specialist – TBD, S. Rabii, Roman Ladus, Viorel Rusu, O. Grigoroii

### 3. TAX ADMINISTRATION REFORM

In terms of the ease of paying taxes, the Doing Business 2009 report (using 2007 data) ranked Moldova 123<sup>rd</sup>, with 234 hours required on average to submit 53 payments. The total tax rate as a percent of profit was estimated at 42.1%. In Year 2, BIZTAR with its public and private sector partners will work to significantly reduce the time required and the number of payments. The time required is expected to be less than 210 hours, i.e., at least a 10% reduction by the end of 2009.

In year 1, BIZTAR undertook a series of consultations with the State Tax Service, based on BIZTAR's benchmarking study on tax administration in Moldova. This exercise was designed to provide a comprehensive diagnostic of the tax system, revenue and compliance performance, and administrative aspects, to lay the groundwork for developing specific objectives and crafting the appropriate strategy. That study found that compared to other similar countries and international best practice, Moldova was perhaps the most efficient country in the world in terms of VAT collections.

However, improvements in fraud, appeals, audit, and customer series practices could do much to improve tax yields per Lei expended by the GRM as well as to improve customer service.

BIZTAR assisted STS in drafting modifications in the legislation on simplified liquidation of tax arrears (debts) in Year 1. The respective legal proposals were adopted in the form of law in the summer of 2008, allowing GRM to meet some of the objectives recommended by the IMF.

The BIZTAR Team also participated in several discussion about a proposed IT strategy for STS, including providing input to a August 2008 IMF assessment, to sketch and bring about the reforms of tax administration needed to achieve GRM objectives and results, specifically within the context of the STS overall tax administration modernization strategy. In addition, in year 1, BIZTAR began assessments in the areas of appeals and fraud, as well as introduced the concept of an Office for Special Taxpayer Services.

### *Result 2.1: Simplified tax reporting requirements*

In year 1, BIZTAR identified with STS the following areas for potential reform.

**Simplify declarations process:** Simplification of the tax administrative burden on Moldovan businesses can improve their competitiveness. The BIZTAR Team is working on one area that is in urgent need of reform: delivering reports to the tax authorities. Working with the UNDP which is preparing an e-declaration software targeted at major taxpayers, BIZTAR is preparing a taxpayer software package for preparation of all declarations which will be submitted in printed form and contain bar codes to allow for faster and more accurate processing of tax payer declarations. The software development contract was signed at the conclusion of Year 1. The software is expected to be installed and launched in January 2008 with STS staff trained by Feb. 2009, to allow BIZTAR-STS dissemination of software availability and support to a pilot group of users to allow income tax returns to be filed using the new software in April 2009. The pilot group of users will likely include entrepreneurs being assisted by other USAID projects (CEED and CNFA). Business users are also expected to use the new software for VAT submissions in 2009.

BIZTAR will assist STS throughout the year in promoting use of the software.

**Microsimulation model to examine options to improve efficiency of tax coverage:** A restructuring of the income tax might remove thousands of individual taxpayers from the rolls, reducing the administrative burden on employers, employees and the STS with a negligible impact on revenue generation. Several regional neighbors have taken this step in recent years, including Russia, Slovakia, and Estonia.

In year 1, BIZTAR developed a personal income tax microsimulation model to simulate the personal income tax system. This model will facilitate the analysis and discussion of applying scenarios of marginal tax rates, deductions, and other, major tax treatments, to indicate effects on total revenue and revenue by taxpayer income level. Our preliminary analysis indicates that by raising the tax threshold for personal income taxation about 40 percent of the current number of personal income tax subjects would be removed from the tax system, at minimal loss of government revenue. The amount of reduced workload for the Moldovan tax system should not be underestimated; this reform would reduce the number of personified accounts by almost one half million persons. This would greatly reduce business compliance costs while also spurring the creation of new jobs at the lower end of the economic spectrum, and it would allow STS to redirect its resources to more productive activities.

The final results of that simulation exercises will be presented to, and discussed with, the Ministry of Finance in Q1.

**Simplify tax regime for business:** BIZTAR began in Year 1 to undertake a detailed assessment of the tax regime by inventorying and assessing the contributions and potential overlap between taxes. The results of that assessment will be presented to and discussed with the Ministry of Finance and STS in Q1. A follow-on assessment will include options to reduce the frequency and number of payments (Q3).

### *Result 2.2: Improved taxpayer services*

**Software development to allow improved calculation of current account status** to meet new IMF requirements to clarify the vintage of debt - rather than merely provide balances. At the conclusion of Year 1, the terms of reference were being finalized. It is expected that the software will be developed and launched before the end of Q2.

**Improve the taxpayer certification process:** As a joint product of the current account software to be developed, the BIZTAR Project is working with the STS and the Territorial Tax Inspectorates (TTIs) to develop a clear, controlled and accountable certification process that allows immediate issuance of certifications in the TTI offices. The taxpayer certification application will also be launched in Q2 with communications support to promote its use continuing throughout the year. This will include, as noted above, linkages with CNAS to be developed in Q3.

**Elaboration and dissemination of a Taxpayer Charter:** BIZTAR will work with STS to compile rights from existing legislation and launch this charter by Q4. The Taxpayer Charter would include necessary information for tax compliance as rights, obligations and responsibilities of taxpayers. It would also provide the main principles for tax authorities and taxpayer relations and would be web-accessible.

**Assist in establishing an Office of Special Taxpayer Services (Tax Ombudsman):** BIZTAR has introduced the notion of creating this type of service within the STS, to serve as a sympathetic ear for the taxpayers, especially during audits or coping with requests for information from the tax authorities. This service would be added to the declaration of Taxpayer Rights on the STS web site. The STS will make a determination early in Q1 if it will pursue this option in Year 2.

**Improved website:** As with other government partners, BIZTAR will assist STS to assess, and if necessary to improve, the content and usability of its website, such as web accessibility of the main tax legislative acts in several languages for potential investors and other interested persons. This will also include systematic use of diagnostic tools to assess usage and customer-friendliness (Q1-2).

**Improved dialogue with the private sector:** BIZTAR will also assist STS undertake several important communications and coordination initiatives. These will include a meeting (Q2) with the private sector to describe achievements and reforms undertaken in 2008, potentially with subsequent quarterly meetings with the private sector (Q3 and Q4). This will also include periodic customer satisfaction surveys and surveys to assess reporting burden (time) for compliance with STS reporting requirements to orient the modernization process of the STS.

Note: the development and installation of a call center is being undertaken by the Moldova Threshold Project (MGTCP); BIZTAR will evaluate with the MGTCP and STS prior to conclusion of the MGTCP its status and the potential scope for further BIZTAR assistance (Q2).

### *Result 2.3: Improved effectiveness of the audit program*

Given the concerted decision within USAID and with the MGTCP to consolidate all assistance in the improvement of STS' audit capabilities within the MGTCP, BIZTAR will evaluate with the MGTCP and STS prior to conclusion of the MGTCP the status of audit reforms and the potential scope for further BIZTAR assistance (Q2).

***Result 2.4: Improved tax appeal procedures***

The main mission of any administrative appeals office should be to reach a fair and impartial solution of tax controversies without litigation, and foster voluntary compliance and public trust in the integrity and efficiency of the STS. The objectives the BIZTAR Project's work in this area are to encourage legitimate appeals, ensure that appeals are impartially decided, and reduce the number of appeals that move to the judicial system. A preliminary assessment of the current appeals process was presented in July with a more in-depth discussion of those recommendations scheduled for the end of year 1. Based upon that discussion a work plan will be prepared and training of STS staff will likely begin in Q1; and training of STS staff will likely begin in Q3, after the structural changes are approved by law, and continue throughout the year.

***Result 2.5: Tax fraud prevented***

In order to strengthen STS capabilities and to ensure greater transparency, and thus to reduce opportunities for unscrupulous taxpayers to evade the tax system as well as taxpayer vulnerability to unscrupulous tax officers, BIZTAR began late in Year 1 to review the activities of the Division of Internal Control and Anti-Fraud; recommendations on its structure, methods, and training needs will be made in Oct. 2009 with a joint improvement plan to be finalized shortly thereafter. As improvements are implemented, BIZTAR will provide support for promotional events, dissemination of new procedures to the private sector.

**Team:** V. Rusu (Team leader), International STTA (Mark Gallagher, Steve Rosner, Tim Wellesley, Arturo Jacobs and others to be identified). Tax Researchers – C. Gnaciuc, A. Malbas, and D. Duciuk, G. Gordila, E. Locoman, International STTA – Karen Boothe, M&E Specialist – TBD, and Moldovan software development and survey firms to be contracted.

**4. SUMMARY OF YEAR 2 OBJECTIVES**

The 2 major impacts expected of BIZTAR assistance in year 2 are:

1. Reduce the number of days required for construction permits (as measured by the World Bank's Doing Business assessment) from 292 days to no more than 200 days
2. Reduce the number of days required for paying taxes (as measured by the World bank's Doing Business assessment) from 234 days to no more than 210 days

The following table summarizes the principal impacts of BIZTAR assistance in year 2 as outlined in this work plan.

**Principal impacts of BIZTAR assistance in Year 2 by quarter**

<b>AREA/PARTNER</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>1. REGULATORY REFORM</b>				
Regulatory reform proposals presented to NWG by RWGs	5	TBD	TBD	TBD
Public/private sector informational events on regulatory reform	15	15	TBD	TBD
OSS in regions strengthened	3	5	TBD	TBD
OSS framework adopted by GRM	X			
Licensing Chamber – electronic guide published	X			
Licensing Chamber – interconnectivity improved with other GRM agencies		X	X	X
Laws on construction permits and authorizations	1	1		
National public/private sector fora on regulatory reform issues, GRM performance, and Doing Business assessments	1	5	3	4
Implementation of reforms to reduce time required for reporting at NBS			TBD	TBD
Implementation of reforms to increase taxpayer access to information at CNAS			X	
Improved web sites at NBS, CNAS, MCTD, Licensing Chamber, and Ministry of Justice	LC	NBS, CNAS, MCTD	Min. Justice	
STS bar-coding software rolled out		X		
STS Current account & taxpayer certification software rolled out		X		
STS tax appeals section reorganized and established			X	
STS tax fraud section reorganized and established			X	
Proposal to reduce taxpayer roll presented to Min Finance	X			
Proposal to reduce number of taxes or consolidate taxes	X			
Publication of a Taxpayer Charter				X

**5. PROJECT ADMINISTRATION AND CROSS-CUTTING ACTIVITIES***IT systems development*

IT improvements and solutions are crucial components in the effective implementations of reforms that will benefit the private sector receive the permits and pay its taxes easier in terms of both time and cost. As this document has shown, this will involve development of specialized software to a) access information from multiple government agencies, b) process business service applications, and c) generate management-oriented data to assess staff and organizational productivity. This will also encompass improved web sites to facilitate private sector, and citizen, access to government information. For web-site development, the BIZTAR team will develop and pilot test a tool for government agency continuing self-assessment of its websites. This unit will also be responsible for coordination with the Ministry of Information Development. In addition, in some cases BIZTAR will provide hardware, after an organizational assessment, to assure that the software can run effectively (Licensing Chamber, STS, Chisinau Mayoralty, and perhaps CNAS and MCTD). In Year 2, this team will also develop and launch the BIZTAR website. In Year 1, Mr. Rabii, the IT Manager, also provided important input into the IMF assessment of STS' IT woes. The following table summarizes the scope of planned IT assistance to key partners in Year 2.

### Overview of IT assistance to BIZTAR partners

	Licensing Chamber	Chisinau Mayoralty	MCTD	NBS	CNAS	STS
Interagency connectivity	X	X	X	X	X	X
Specialized software for processing business service applications	X	X		X	X	X
Management-oriented software	X	X				X
Improved web sites (regulations and forms)	X	X	X	X	X	X
Hardware – limited support				X		X

In year 1, an IT procurement strategy was presented to USAID and approved. At the end of year 1, it was expected that an Information Resource Management (IRM) proposal for IT hardware for BIZTAR and NBS offices would be presented to USAID for review. Additional IRM are projected to be presented to encompass software development for GRM partners (Licensing Chamber, STS, Ministry of Justice, etc). The estimated value of software procurements in year 2 is \$500,000.

**Team:** S. Rabii (Team leader), C. Iarincovschi, International STTA – Sanjin Sahadzic, A. Zajmovic, C. Canelas, S. Iunco, and Moldovan software development survey firms to be contracted.

### *Monitoring and Evaluation*

To assure achievement of results and that scheduled activities are continuously and systematically results-focused, BIZTAR in year 2 will create an M&E Unit, to report directly to the COP, comprised of an M&E Specialist and an intern, both to be identified. The principal responsibility of this unit will be to develop and initiate systematic monitoring of the time and costs required in construction permitting and paying taxes, to better assess current status and the impact of BIZTAR in these areas.

The M&E unit, with international short-term technical assistance will also develop with GRM partners and the private sector a methodology to measure and aggregate economic benefits from BIZTAR-supported reforms.

It will focus on finalizing BIZTAR's baselines, particularly with respect to specific initiatives planned to be undertaken in year 2, e.g., the reduction in reports to CNAS of discrepancies of payments by business. This Unit will also work with the communications team to develop the communications baseline assessment of knowledge, attitudes, and practices of businesses with respect to regulatory reform.

### *Project administration activities*

At the end of year 1, the staffing configuration included a Chief of Party, a full-time local technical team of 9 professionals, and administrative support staff of 4 persons. For year 2 that technical staff will be expanded to 14 professionals (see attached organizational chart). New staff include: Communications and Training Specialist, M&E Specialist, and a Regulatory Reform Specialist concentrating on construction issues. Ms. Locoman, acting as interim Communications Manager until the planned incorporation in December 2008 of Ms. Gordila, will become the Communications and Training Specialist.

BIZTAR will continue to designate and use the services of Strategic Technical Advisors to provide expert guidance to local staff and consultants; for year 2, they are: Mr. Mark Gallagher (tax

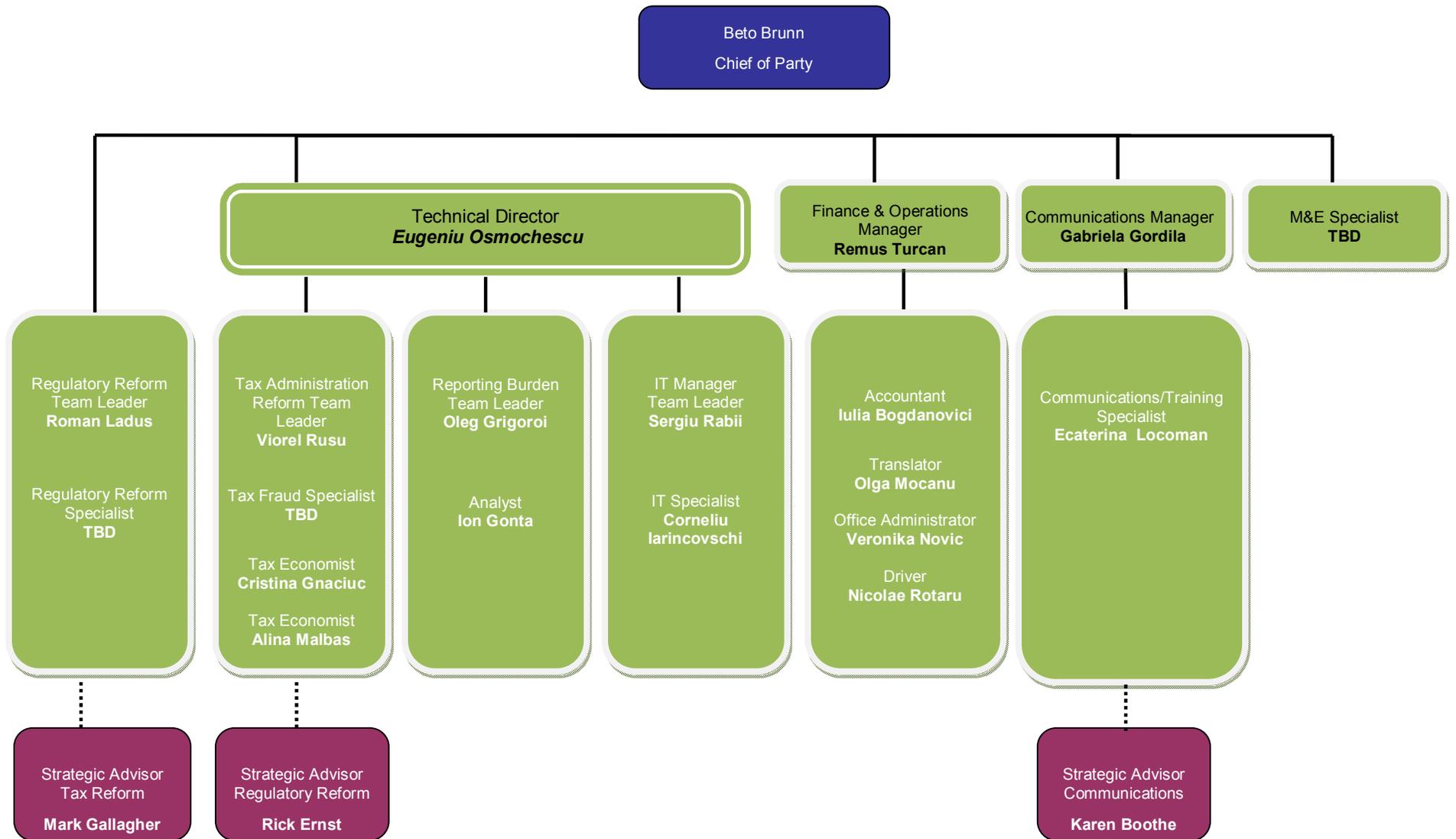
administration reform), Mr. Ulrich Ernst (regulatory reform), and Ms. Karen Boothe (communications).

This staffing chart also incorporates several structural changes. Mr. Osmochescu will become Technical Director, supervising tax, reporting burden reform and IT initiatives. Mr. Rabii will become IT Manager given the expanded scope of IT assistance described above. Finally, a Technical Committee, meeting biweekly, comprised of the COP, Mr. Osmochescu, Mr. Ladus, Mr. Grigoroï, Mr. Rusu, Ms. Gordila, Mr. Turcan, and the M&E Specialist, will review project performance and develop proactively solutions to integrate efforts and assure timely and quality results.

#### *Donor Coordination*

BIZTAR cooperates with a few other donor and other USAID projects. It works with the UNDP and the Ministry of Informational Development on e-governance issues, in particular a) e-declarations, b) e-governance strategic development and implementation, c) interagency sharing of information, and d) uniform registries for acts, regulations, and customer service forms. BIZTAR also works with USAID/MCC's Moldova Threshold Project (MGTCP) to strengthen the STS. Additionally, it cooperates with USAID's Competitiveness Enhancement Project (CEED) to assure that USAID-targeted sectors receive and benefit from regulatory reform initiatives. BIZTAR has also coordinated efforts with the IMF's IT assessment for STS.

## BIZTAR ORGANIZATION AND STAFF CHART, YEAR 2



## 6. FINANCIAL PROJECTIONS

BIZTAR will have spent \$1.495 million by September 30, 2008; this represents approximately 23% of the contracted budget and 35% of the obligated funds. The estimated budget for Year 2 is \$3.2 million and will include \$150,000 for regional activities, \$100,000 for communications and events, \$500,000 for software development, \$40,000 for study trips (construction, licensing, reporting burden) as well as limited hardware acquisition, and approximately 890 days of international and Moldovan short-term technical assistance. If those targets are met, by September 30, 2009, the DAI/Nathan Consortium will have expended approximately 72% of the contracted budget and 108% of currently the obligated funds. The FY2009 initial STTA calendar is presented in the following table.

### BIZTAR Year 2 STTA Calendar (assignments and projected LOE)

<b>PROJECTED ASSIGNMENTS</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Tax Fraud (International)	17	25	20	16
Tax Appeals and special taxpayer services (International)	30	25	20	16
STS software development (International)	10	8	5	5
STS software development (Moldovan)	30	30	20	10
Construction code assistance (International)		15	15	
Licensing Chamber – electronic guide	30			
OSS draft law development (Moldovan)	140			
OSS draft law development (International)	15			
Specialized statistical and survey assistance (Moldovan)	55	10	10	20
Specialized statistical and survey assistance (International)	5	5	5	9
Special assessment on ease of trade (International)	43			
Special assessment on ease of trade (Moldovan)	16			
Tax law assessments (International)	15	15	15	15
Tax mediation (International)		15	10	
Reporting burden (International)		5		
Annual report / Work plan facilitation and writing				4
DAI supervisory visit (International)				5
Strategic Advisor on Communications (International)	27	6	6	6
Strategic Advisor on Tax Administration Reform (International)	14	10	9	9
Strategic Advisor on Regulatory Reform (International)	6	9	6	6
<b>TOTALS</b>	<b>450</b>	<b>178</b>	<b>141</b>	<b>121</b>

## 7. LOOKING AHEAD TO YEAR 3

Looking forward, considering legislative initiatives under review and looking beyond the scheduled 2009 presidential and parliamentary elections, BIZTAR sees many opportunities for additional reform of the regulatory and tax environment to further energize the private sector in Year 3. These include:

- Developing graduation strategies to wean partners off BIZTAR assistance and sustain self-improvement initiatives in coordination with the private sector
- Continuing ongoing assistance to reform and codify improvements in the area of construction licensing, including assistance on the development of a code of construction and improving the transparency and usability of technical documents
- Further improvements and extended services from the OSS established at the Chisinau Mayoralty
- Further assistance to STS to development and partially implement a comprehensive IT Strategy and to establish a performance management system
- Continuing to improve tax procedure provisions
- Assisting targeted local governments to implement One-Stop Shops
- Supporting Regional Working Groups and the Chamber of Commerce and Industry as well as other private sector groups to implement approved regulatory and legislative reforms
- Continued assistance to NBS to ease reporting burden, implementing many of the recommendations from year 1 studies
- Continued assistance to CNAS to ease reporting burden and improve access to information
- Continued assistance to GRM partners to publicize reforms among the private sector, the public and with key international stakeholders like the Doing Business Project

## **Annex 1. Documents to be submitted to USAID's Development Experience Clearinghouse**

BIZTAR Year 1 Work Plan (October 2007 - September 2008)

BIZTAR Quarter 1 Report to USAID (October – December 2008)

BIZTAR Quarter 2 Report to USAID (January - March 2009)

BIZTAR Quarter 3 Report to USAID (April - June 2009)

BIZTAR Assessment #1. Moldova Business Regulatory & Tax Administration Reform Project (BIZTAR): *Doing Business* in Moldova: A strategic analysis, by Ulrich Ernst, February 27, 2008

BIZTAR Assessment #2. Collecting and Paying Taxes in Moldova. A Tax Benchmarking Exercise, Mark Gallagher, Vasile Goian. Steve Rozner, Viorel Rusu, Mar. 2008.

BIZTAR Assessment #3. Perspectives to optimize authorization in the field of construction: Comparative study of Chisinau and two local OSSs in Moldova, by R. Ladus, May 2008

BIZTAR Assessment #4. Preliminary assessment of STS' Tax Appeals Procedures and organization, A. Jacobs, Sept. 2008.

BIZTAR Assessment #5. Assessment of Business Statistics at NBS and Assistance Options, September, 2008

BIZTAR Assessment #6. CNAS Assessment: Reducing Social Insurance-related Reporting Requirements in Moldova, Christina Erickson, Sept. 2008

BIZTAR Enabling Business Environment Concept paper #1. An office of Taxpayer Special Services in STS: a Concept paper, A. Jacobs, July 2008