



Questionnaire

Part II

**Information provided by the Government of the Republic of Moldova
to the Questionnaire of the European Commission**

CHAPTER 20: ENTERPRISE AND INDUSTRIAL POLICY

May 2022

The *acquis* under the enterprise and industrial policy chapter consists largely of **policy principles** and policy recommendations which are reflected in communications, recommendations, and Council conclusions. These are also subject of consultation forums and exchange of good practice measures. Enterprise and industrial policy comprise **policy instruments**, including financial support and regulatory measures, as well as **sectoral policies**, including recommendations for more targeted enterprise policy review/analysis and consultations.

By establishing general **policy principles**, EU enterprise and industrial policy seeks to promote the formulation of competitiveness enhancing enterprise policies and industrial strategies. These are geared towards speeding up structural adjustments, encouraging an environment favourable to business creation, domestic and inward foreign investments, promoting the development of small and medium-sized enterprises (SME), entrepreneurship and innovation. These are reflected in an industry strategy, which encompasses several policy areas. The interdependency with notably internal market (Chapter 1), digital, environment, research and development, education, trade, investment et al. in terms of priorities and action timing puts high requirements on inter-agency cooperation, i.e., closer than co-ordination, and on consultations with industry stakeholders. The Small Business Act, adopted in June 2008, contains a set of principles and actions to support SMEs, and provides the framework for EU SME policy.

Enterprise and industrial **policy instruments** comprise EU programmes to provide financial support for competitiveness and sustainability (including improved access to finance and access to markets), notably through the SMEs Pillar of the Single Market Programme (Regulation (EU) 2021/690 of the European Parliament and of the Council of 28 April 2021). It also includes Directive 2011/7/EC on combating late payment in commercial transactions.

Through its enterprise and industrial **sectoral policies**, the EU promotes a more targeted analysis of the competitiveness of specific sectors and the launch of specific initiatives such as the creation of high-level groups, policy forums, studies and expert panels in certain sectors as well as networking initiatives.

The implementation of enterprise and industrial policy requires adequate administrative capacity at the national, regional and local level, including efficient consultation and cooperation mechanisms for an effective policy formulation and implementation and evaluation. The encompassing nature and high interdependence of this policy with other policy areas requires a special attention on a mechanism for policy co-operation across policy-making organisations.

I. ENTERPRISE AND INDUSTRIAL POLICY PRINCIPLES

A. Industrial Policies and Competitiveness - Benchmarking/Scoreboard

1. Please provide an overview and analysis of the situation of the industry and the manufacturing sector.

The economy of the Republic of Moldova has experienced, in three decades of transition, the phenomenon of premature deindustrialization. As a result, between 1991 and 2021 the share of industry in GDP fell from 40% to 12%. Thus, the share of the industrial sector in GDP was varying between 14% - 15% in the period of 2011-2015 then went down to 12% in 2021. The development of the industrial sector was disrupted by various crises: „transition shock” and financial crises from 1998; Russia's periodic embargoes; droughts (2012, 2020), local financial-banking crisis (2015-2016), pandemic crisis (2020-2021).

Despite these challenges, during 2011-2021 the industrial production recorded an average annual growth of 4%. The domestic and external demand, contribute to the increase of industry. Also, the policies related to development of the Free Economic Zones (FEZ) contributed to the growth of industry.

Table No. 1 - The share of industry in GDP and the annual growth rate (%), 2011-2021

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011-2021 average
The annual growth rate of the industry, %	13.4	-2.4	8.6	7.3	0.6	0.9	3.4	3.7	2.0	-5.5	12.1	4.0
The share of industry in GDP, %	14.4	14.5	14.9	15.2	15.5	15.4	15.0	14.7	14.0	13.8	12.4*	14.5

** preliminary data*

The industry mainly consists of sectors that require resources and labor, which result in production of goods with low value added. This is confirmed by the structure of the industrial production, according to which 47% are non-durable goods (for current use), 26% - intermediate goods and only 9% and 3% - capital goods and durable goods. Nevertheless, some positive structural changes have been observed recently: in 2014-2020 the share of capital goods and durable goods increased by 3.5 pp and 0.7 pp, respectively, due to the intensive growth of some specific branches, such as automotive and furniture industries.

Table No. 2 - The structure of the industrial sector (%), 2014-2020

The main industrial groups	2014	2015	2016	2017	2018	2019	2020
C Manufacturing industry	81.4	82.6	83.3	83.3	82.7	84.0	83.9
Non-durable consumer goods	51.0	51.0	52.6	51.9	48.3	47.5	46.7
Intermediate goods (excluding mining and quarrying)	22.2	23.5	21.4	21.6	23.2	24.0	25.6
Investment goods	5.3	5.4	6.5	6.9	8.3	9.5	8.5
Durable consumer goods	2.5	2.5	2.7	2.7	2.8	2.9	3.1
B Mining and quarrying	1.8	1.7	1.4	1.4	1.5	1.6	1.7
D, E Electricity, gas, steam and air conditioning supply; Water supply; sewerage, waste management	16.8	15.7	15.3	15.3	15.8	14.3	14.4

The manufacturing industry is the most important branch, with a share of 84% in the total industrial production. The energy sector, along with water distribution and sanitation activities, account for about 14%, while the extractive industry accounts for less than 2%. The most important branches within the manufacturing industry are: the food industry (33%), the automotive industry (12%), the light industry (11%), the manufacturing of nonmetallic mineral products (11%), beverages (10%), chemicals and plastic articles (5% for each of them), furniture production (4%).

The manufacturing industry has strengthened its position, registering an average annual growth of about 4% during 2011-2021. Some branches have developed more intensively. The expansion of the FEZ's activity, particularly the investments in the automotive industry, triggered the annual growth of machine and equipment manufacturing of over 20% during 2011-2021. The other branches that have made significant progress are the furniture industry (average growth +13%), the wood industry (+11%), the chemical industry (+8%), and the paper products industry (+8%). However, the industrial sector was severely affected by the pandemic crisis: the weak external demand negatively influenced in particular the exporting industries, including those provided by the residents of the FEZ. In addition, the extremely unfavourable weather conditions in 2020 led to a considerable decline in the agricultural sector (-27.2%), impacting the food industry by -5.8%.

In 2021, the industrial sector rebounded after the pandemic crisis, registering 12.1% growth, due to the recovery of the manufacturing industry (+11.4%), the extractive industry (+ 11.9%), and of the energy sector (+ 16.1%). However, some exporting sectors continue to decline: manufacture of machinery and equipment (-22.8%), production of vegetable oils (-24.4%), chemical industry (-11.2%).

Table No. 3

Classification of economic activities (EU NACE Rev. 2)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011-2021 average	Structure 2020
0 Industry - total	13.4	-2.4	8.6	7.3	0.6	0.9	3.4	3.7	2.0	-5.5	12.1	4.0	100
B Mining and quarrying	27.2	-21.2	22.2	0.2	-9.0	-15.8	-3.7	9.9	-1.9	9.5	11.9	2.7	1.7
C Manufacturing industry	13.9	-0.6	10.7	8.5	2.3	1.8	4.5	2.8	3.1	-7.1	11.4	4.7	83.9
C10 Manufacture of food products	12.0	1.9	9.0	12.3	-4.8	1.0	6.4	-2.9	5.7	-5.8	8.9	4.0	27.8
C11 Manufacture of beverages	7.9	-2.2	-2.3	-9.9	-3.8	-5.4	7.8	4.5	4.9	-11.7	10.6	0.0	8.4
C12 Manufacture of tobacco products	-4.4	5.9	-19.4	-39.6	-51.0	-8.5	-19.5	0.2
C13 Manufacture of textiles	43.3	-23.9	6.5	20.4	-3.1	31.8	-6.5	5.3	-11.7	-2.7	11.0	6.4	4.5
C14 Manufacture of wearing apparel	25.0	-0.6	-4.2	10.3	19.9	15.1	2.3	2.1	-6.5	-7.4	12.2	6.2	4.3
C15 Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur	13.9	19.8	-2.4	4.0	4.0	10.1	-1.6	16.5	-13.9	0.1	16.8	6.1	0.7
C16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	30.8	-15.2	-9.7	20.3	15.9	50.2	11.4	12.9	-12.7	-24.1	42.8	11.1	0.7
C17 Manufacture of paper and paper products	-2.4	35.0	-5.3	8.0	-3.0	21.7	-5.3	12.6	-0.8	-0.3	25.4	7.8	1.2
C18 Printing and reproduction of recorded media	9.4	-0.2	-12.1	24.8	-10.7	-16.6	-1.8	-11.1	-1.8	-12.7	-18.0	-4.6	0.5

C20 Manufacture of chemicals and chemical products	4.5	7.5	-16.7	42.4	17.6	17.2	-6.0	5.7	2.9	26.2	-11.2	8.2	4.2
C21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	-27.7	42.5	64.7	-8.2	16.9	-1.3	5.4	-24.0	8.6	-5.2	12.2	7.6	0.9
C22 Manufacture of rubber and plastic products	18.3	-12.4	-1.9	4.4	5.9	-5.5	16.4	-4.4	17.8	-5.5	14.3	4.3	4.0
C23 Manufacture of other non-metallic mineral products	7.2	-6.8	21.9	2.6	0.6	-9.0	3.5	14.9	-6.0	9.3	12.2	4.6	8.8
C24 Metallurgical industry	18.3	-13.6	14.0	14.3	-24.0	-10.6	6.3	3.2	12.5	-5.6	41.1	5.1	0.2
C25 Manufacture of fabricated metal products, except machinery and equipment	20.0	-16.3	8.1	-2.6	8.9	3.9	3.6	6.2	18.8	6.8	17.1	6.8	3.0
C26 Manufacture of computer, electronic and optical products	48.9	-32.1	13.0	-1.8	-0.7	-7.6	-10.1	-10.7	11.6	-24.5	5.5	-0.8	0.6
C27 Manufacture of electrical equipment	47.7	-29.7	20.7	54.3	32.2	-17.4	39.4	15.5	-7.5	-34.2	3.0	11.3	3.5
C28 Manufacture of machinery and equipment n.e.c.	35.2	-13.4	-13.2	-2.8	8.5	2.6	-4.1	-34.2	-16.5	-30.9	18.7	-4.6	0.8
C29 Manufacture of motor vehicles, trailers and semi-trailers	20.4	54.1	67.9	-6.9	13.2	64.7	12.0	54.2	24.4	-34.9	-23.4	22.3	5.1
C31 Manufacture of furniture	11.9	-7.9	5.0	7.4	3.0	27.5	-0.2	9.2	12.0	3.4	74.4	13.2	3.1
C32 Other manufacturing	-73.3	-29.7	72.4	13.4	52.1	1.7	15.1	17.8	5.8	4.9	43.3	11.2	0.5
C33 Repair and installation of machinery and equipment	-9.8	-77.3	531.9	30.8	4.6	-21.6	-10.7	10.4	6.8	-10.5	58.8	46.7	0.8
D Electricity, gas, steam and air conditioning supply,	-1.9	1.0	-4.3	4.4	-1.0	-1.0	-1.7	7.4	-4.0	2.3	16.1	1.6	14.4

The entrepreneurs from the industrial sector are mostly oriented to the domestic market. Thus, about 65% of the industrial production is delivered on the domestic market and about 35% - on foreign markets. In recent years, the share of industrial exports has increased (by 3.6 pp in the period 2014-2020). The exporting sectors had the greatest impact on the industrial sector growth. The main exporting sectors are: manufacture machinery and equipment, light industry, processing of fruits and vegetables, manufacture of glass, beverages. In these sectors over 50% of

production is oriented to export. However, the industrial export is represented mainly by products with low value-added, like assembled cables or textile, and Moldova has a modest position in international value chains.

At the same time, many industries currently produce mainly for domestic use (over 90% of their production). These include: meat production and processing, dairy production, manufacturing of tobacco products, nonmetallic mineral products and metal constructions.

The share of industrial goods in the total exports is decreasing, while the share of unprocessed agricultural goods is growing. In 2021 the share of industrial goods in the total exports was about 72%. During 2014-2021 the volume of exported industrial goods increased by 2.9% annually. But this increase was not enough to strengthen the position of industrial products in the structure of exports, because the exports of unprocessed agricultural products recorded an average increase of 8.6% during this period. The more intensive growth of exports with low value added reduces the competitiveness of the national economy and does not ensure qualitative economic growth.

The European Union is the main market for industrial exports. About 69% of the total exported industrial goods are delivered to EU countries, 14% - to the CIS countries and 17% - to the other countries. After signing of the Association Agreement and the DCFTA with the European Union, the EU's share in the industrial exports increased steadily (from 56% in 2014 to 69% in 2021).

Table No. 4 - The export of industrial production, 2014-2021

	2014	2015	2016	2017	2018	2019	2020	2021	2014-2021 average
Total exports, million USD	2339.5	1966.8	2044.5	2425.0	2706.2	2779.2	2467.1	3144.4	2484.1
Industrial exports, million USD	1786.0	1456.6	1505.7	1756.4	2009.8	2049.6	1887.2	2269.1	1840.1
Share of industrial production in total exports, %	76.3	74.1	73.6	72.4	74.3	73.7	76.5	72.2	74.1
Annual evolution of total exports, %	-3.7	-15.9	4.0	18.6	11.6	2.7	-11.2	27.5	4.2
Annual evolution of industrial exports, %	-6.7	-18.4	3.4	16.6	14.4	2.0	-7.9	20.2	2.9
Share of industrial exports by group of countries:									
European Union countries (EU028)	56.0	62.4	65.7	66.9	71.7	71.8	71.4	68.9	66.9

CIS countries	33.4	26.8	23.0	20.1	15.2	15.7	13.0	13.8	20.1
Other countries	10.5	10.8	11.3	13.0	13.1	12.5	15.6	17.4	13.0

The export growth of industrial production was mainly ensured by a few branches. The machinery and equipment industry developed intensely during the 2014-2021 period (+9% annual average growth) due to foreign investment projects implemented within the FEZs. As a result 1/3 of the total increase in exports in the 2014-2021 period was ensured by the machinery and equipment industry. Also, a significant positive contribution was provided by fabricated basic metal products (+13%) and by vegetable oils (+17%), while the chemical industry products, meat, optical equipment and instruments, mineral products decreased in this period and limited the total growth of industrial exports.

Table No. 5 - The dynamics of the industrial production export, annual growth, %

Groups of goods	2014	2015	2016	2017	2018	2019	2020	2021	2014-2021 average	Contribution 2021/2014, p.p.
Evolution of industrial exports, total %	-6.7	-18.4	3.4	16.6	14.4	2.0	-7.9	20.2	2.9	20.7
Machinery and mechanical appliances; electrical equipment; parts thereof	-2.1	-4.5	0.7	30.9	44.9	10.2	-16.3	10.1	9.2	11.3
Base metals and articles of base metal	-55.3	-21.6	0.6	11.1	-2.6	-5.0	26.8	153.3	13.4	3.8
Miscellaneous manufactured articles	-1.5	-8.4	24.8	15.5	16.4	-5.3	-4.9	14.2	6.3	2.9
Vegetable oils	76.0	-7.1	-24.6	-1.1	24.5	4.7	48.0	17.0	17.2	1.9
Vehicles, aircraft, vessels and associated transport equipment	-40.7	-35.0	52.0	51.0	-46.5	25.2	14.7	104.7	15.7	1.6
Prepared foodstuffs; beverages, spirits and vinegar; tobacco	-11.4	-19.9	6.0	14.3	0.2	3.7	-0.8	7.7	0.0	1.3
Articles of stone, plaster, cement, asbestos; ceramic products; glass and glassware	0.9	-28.8	6.1	-5.1	33.8	-1.2	7.0	39.5	6.5	1.0

Wood and articles of wood; wood charcoal	-12.2	-4.1	21.0	8.8	70.3	19.6	-2.5	33.6	16.8	0.8
Footwear, headgear, umbrellas, walking sticks, seat-sticks, whips, riding-crops and parts thereof;	-5.6	-29.5	22.2	15.8	7.2	-4.1	-3.5	13.2	2.0	0.2
Textiles and textile articles	-0.1	-17.1	12.3	12.8	6.4	-11.8	-10.9	15.2	0.8	0.2
Dairy produce; birds eggs; natural honey;	63.5	1.2	18.9	31.4	-16.5	-19.6	-8.4	20.4	11.4	0.1
Pulp of wood; recovered (waste and scrap) paper; paper and paperboard and articles thereof	-23.3	-46.2	15.4	8.0	16.5	3.8	-8.0	44.3	1.3	0.1
Plastics and articles thereof;	-27.2	-11.7	-11.5	-6.3	24.0	17.2	-18.2	18.0	-2.0	0.1
Products of the milling industry	164.5	-34.6	-53.3	129.2	19.2	-28.8	-2.8	12.8	25.8	0.0
Mineral products	-33.0	-39.5	-15.7	101.3	12.0	-25.3	2.4	8.9	1.4	0.0
Optical, photographic, cinematographic, medical instruments and apparatus; clocks and watches;	-12.6	-21.5	2.1	6.8	0.7	19.4	-18.9	3.2	-2.6	-0.2
Raw hides and skins, leather, furskins and articles thereof; travel goods, handbags	3.8	-27.8	-4.4	-12.9	7.4	-15.6	-18.2	20.1	-5.9	-0.7
Meat and edible meat offal	88.0	-74.8	-4.7	28.0	-10.3	-10.2	-30.4	33.2	2.3	-1.2
Products of the chemical or allied industries	0.2	-29.4	-23.9	9.1	3.1	17.7	-34.3	42.9	-1.8	-2.4

The number of employees in the industrial sector increased. According to official statistics, the total number of employees in the industry increased from 99 547 persons in 2014 to 106 015 persons in 2020 (a total growth of about 6% or an average annual increase of 0.6%). However, the employment growth is recorded only in a few industries, which have developed in recent years. The automotive industry, especially the manufacturing of the automotive parts and engines, being a labour intensive activity, had the biggest positive contribution to the employment growth. In 2020 the number of employees involved in this activity increased by 8 times as compared to 2014 or by 56% annually. A significant growth of the number of employees were also recorded in the textile industry (+39% in 2020 compared

to 2014), the chemical industry (+66%), the furniture industry (+14%), and the manufacture of paper products (+33%).

At the same time, the number of employees decreased sharply in industries such as: the electronic equipment manufacturing industry (-53% in 2020 compared to 2014), the energy sector (-12%), beverage manufacturing (-12%), car repair and installation (-43%), footwear and leather goods industry (-19%). This decrease is explained by the closure of companies in the context of various crises (financial-banking, pandemic, etc.), the foreign investors' retreat from the Moldovan market, as well as increased investment and the introduction of new technologies.

Table No. 6 - The dynamics of the employment in the industry, annual growth, %

Classification of economic activities (EU NACE Rev. 2)	2014	2015	2016	2017	2018	2019	2020	2014-2020 average	%, 2020 compared to 2014	Contribution 2020/2014, p.p.
B+C+D+E INDUSTRY	-2.6	-0.4	0.0	5.5	4.1	2.3	-4.8	0.6	6.5	6.5
B Mining and quarrying	-0.8	-9.1	-3.4	-1.7	-3.5	6.7	-5.9	-2.5	-16.4	-0.4
C Manufacturing industry										8.0
	-2.8	-0.4	0.8	7.4	5.5	2.5	-5.6	1.1	10.2	
10 Manufacture of food products	0.4	-2.7	1.6	4.2	-0.2	-2.4	-0.2	0.1	0.1	0.0
11 Manufacture of beverages	-12.5	-2.1	-4.4	2.3	1.4	0.2	-9.6	-3.5	-12.1	-0.9
12 Manufacture of tobacco products	-30.6	-19.3	-24.2	-6.0	-9.3	-3.8	-16.6	-15.7	-58.2	-0.4
13 Manufacture of textiles	7.6	6.4	15.5	9.0	11.8	3.2	-9.8	6.2	39.3	1.1
14 Manufacture of wearing apparel	-1.4	3.4	2.8	8.1	-1.3	1.2	-13.7	-0.1	-1.0	-0.1
15 Manufacture of leather and related products	21.4	-14.2	5.9	11.8	-2.1	5.8	-22.9	0.8	-18.9	-0.6
16 Manufacture of wood and of products of wood and cork; manufacture of articles of straw and plaiting materials	-15.4	1.7	3.9	1.4	10.3	2.0	-14.3	-1.5	3.3	0.0
17 Manufacture of paper and paper products	-14.2	22.1	-13.3	9.5	-3.6	10.2	8.1	2.7	33.0	0.3

18 Printing and reproduction of recorded media	-7.4	-6.8	-8.9	-10.0	4.3	-5.2	-10.8	-6.4	-32.7	-0.4
19 Manufacture of coke and refined petroleum products	-4.5	6.0	-32.6	5.0	-4.8	-8.3	-34.5	-10.5	-57.1	0.0
20 Manufacture of chemicals and chemical products	-6.7	-5.3	3.4	30.2	-6.1	32.4	4.7	7.5	65.8	0.7
21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	-3.7	-9.6	-1.9	-3.6	-6.6	9.2	-2.7	-2.7	-15.1	-0.1
22 Manufacture of rubber and plastic products	-11.2	-2.4	-6.6	2.2	6.4	6.6	-1.2	-0.9	4.5	0.2
23 Manufacture of other non-metallic mineral products	-4.2	7.8	2.6	-11.0	-4.3	0.4	12.8	0.6	6.8	0.3
24 Manufacture of basic metals	9.4	-58.6	-33.9	12.4	-2.9	25.0	-6.1	-7.8	-64.9	-0.3
25 Manufacture of fabricated metal products, except machinery and equipment	-2.0	-3.4	5.2	-1.7	-0.1	-3.5	5.7	0.0	1.9	0.0
26 Manufacture of computer, electronic and optical products	-31.3	10.2	-8.0	-18.1	-2.6	-21.8	9.2	-8.9	-31.0	-0.3
27 Manufacture of electrical equipment	-2.0	19.4	-10.0	-56.9	-7.8	15.1	-3.4	-6.5	-52.5	-1.6
28 Manufacture of machinery and equipment n.e.c.	-8.2	-5.9	-14.3	7.8	-1.0	13.7	-20.4	-4.0	-22.0	-0.4
29 Manufacture of motor vehicles, trailers and semi-trailers	15.4	-14.5	100.3	229.7	50.9	15.1	-7.7	55.6	805.8	10.2
31 Manufacture of furniture	-3.2	-0.5	-0.1	2.4	14.2	-1.1	-0.8	1.6	14.1	0.5
32 Other manufacturing	-1.0	0.4	-7.6	4.6	67.6	3.4	7.6	10.7	80.9	0.6
33 Repair and installation of machinery and equipment	6.8	0.4	-15.9	-3.6	-3.9	-21.1	-7.6	-6.4	-43.0	-0.8
D Electricity, gas, steam and air conditioning supply	-2.6	-2.1	-4.7	-1.7	-2.8	-0.8	-0.7	-2.2	-12.1	-1.4
E Water supply; sewerage, waste management	-1.4	4.4	-0.7	-2.0	0.5	3.6	-1.0	0.5	4.7	0.4

During 2016-2020 investments in non-current assets in the industrial sector have increased slowly. In 2020, compared to 2016 investment rose by 0.6%. On the one hand, investment growth was recorded in the manufacturing sector (an increase by 70.3%) and in the energy sector (an increase by 25.8%), and at the other hand, a decline in investment were registered in mining and quarrying (a decrease by 5.8%), and in water supply; sewerage, waste management and remediation activities (a decrease by 7%). Investments in the energy sector decreased in the period 2017-2020 (-43.5%). The share of investments in industry in the total investment in non-current assets decreased from 20.9% in 2017 to 14.5% in 2020.

The main challenge for the industry of the Republic of Moldova is the transition to Industry 4.0 by developing a digital, green and competitive manufacturing sector. Please refer to Questions 3 and 4 for more information about the Republic of Moldova's approach to address this challenge.

2. If an industrial/competitiveness policy is in place, please describe its main features and priorities. What is the main thrust of structural modernisation of industry? How are these priorities made consistent with the overall economic policy on one side and policies for innovation, education and workforce training, trade and FDI, innovative start-ups, economic zones and sector-specific policies on the other?

The Republic of Moldova recognizes industry and competitiveness as strategic development priorities and, in this context, they are always included in national policy agendas. Also, in the process of adapting the 2030 Agenda for Sustainable Development to the national context, the Republic of Moldova has included 9 indicators defined for SDG9 - Industry, Innovation and Infrastructure - , implicitly the indicators for measuring industry's share of employment and gross domestic product. Alongside sectoral strategic planning related to industrial policy, a process in which the Moldovan Government is involved, infrastructure and industrial platforms are being further developed. Thus, the Pilot program for creating multifunctional industrial platforms, adopted by Government Decision No. 748/2020¹, is being implemented, a document that foresees the creation of 18 Multifunctional Industrial Platforms.

In addition, in the context of signing the DCFTA, the Government approved The Roadmap on Improving the Competitiveness of the Republic of Moldova by the Government Decision No. 4/2014². The goal of the Roadmap was to improve competitiveness of the Moldovan economy, to increase benefits generated by DCFTA and, at the same time, to cope with challenges associated with the

¹Government Decision No. 748/2020 on approval of the Pilot program for creating multifunctional industrial platforms, available in Romanian at:
https://www.legis.md/cautare/getResults?doc_id=123627&lang=ro

²Government Decision No. 4/2014 on approval of the Roadmap on Improving the Competitiveness of the Republic of Moldova by the Government Decision, available in Romanian at:
https://www.legis.md/cautare/getResults?doc_id=109566&lang=ro

implementation of DCFTA. The Roadmap contained a policy matrix that provided concrete actions on 9 components:

- Human resources;
- Access to finance;
- Transport and energy infrastructure;
- Quality infrastructure;
- Information society;
- Trade facilitation;
- Fiscal policy and administration;
- Scientific research and innovation
- Competition.

As of 2020, most of the actions included in the policy matrix of the Roadmap were carried out (an implementation rate of 95.5%). However, despite the achievement of performance indicators, additional substantial effort is needed to increase the country's competitiveness.

The sectoral strategic plans, which are in the process of elaboration, are correlated with the international commitments of the Republic of Moldova. The draft national development strategy and other draft sectoral strategic documents are based on two horizontal priorities - Green and Digital - and a number of thematic priorities, including: the development of small-scale manufacturing at local level; the development of high-growth innovative enterprises at national level and the attraction of FDI in the industrial sector in the context of nearshoring. The priorities and their associated multi-sectoral activities will be implemented including through the development of existing Investment Platforms - Free Economic Zones, Industrial Parks, Multifunctional Industrial Platforms, the IT Park.

3. Is there an industrial/competitiveness framework policy paper/strategy/action plan that defines the approach to industrial development and restructuring (including privatisation aspects) and improving competitiveness (if it is not the case, which documents can be considered reference documents)? Specify the status of this (these) document(s).

The Republic of Moldova does not have a policy document in force directly dedicated to industry, but the Government of the Republic of Moldova is engaged in developing the strategic planning framework for the next decade, including relevant sectoral strategies and programs. Thus, the Government's Action Plan for 2021-2022, approved by Government Decision No. 235/2021³, provides for the

³Government Decision No. 235/2021 on approval of the Government's Action Plan for 2021-2022, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=128407&lang=ro

approval of the Strategy for an Inclusive, Sustainable and Digital Economy by 2030, as well as the development of programs under the strategy. One of the programs subordinated to the strategy will be The Industrial Development Program, defining the development of a competitive, resilient, digitalized and sustainable industrial sector, focused on thematic interventions in high value-added sectors, including electronics, creative industry, automotive industry, biopharma etc.

The last policy document dedicated to industry was the Strategy for the development of industry until 2015, adopted by Government Decision No. 1149/2006⁴. After 2015, some sectoral strategies tangentially related to the development of the industry were implemented, including the National Strategy of Investment Attraction and Export Promotion for 2016-2020, adopted by Government Decision No. 511/2016⁵. In this Strategy several priority industrial sectors were identified: automotive, food industry, textile industry. At the same time, there were several policy documents dedicated to different sectors: energy, transport and education that were related to the development of the industrial sector.

The National Program for Promoting Entrepreneurship and Increasing Competitiveness for 2022-2026 and, in particular, the Industrial Development Program, once finalized and adopted, will succeed previous sectoral documents and contribute to the transition to the 4th Industrial Revolution (4IR) in the Republic of Moldova.

The Government of the Republic of Moldova will develop and adopt a state-ownership strategy/law – for all SOEs operating at the central government level – to identify public enterprises to undergo liquidation, privatization or reorganization as well as plans to strengthen their governance in accordance with the OECD Guidelines on Corporate Governance of State-Owned Enterprises. At the same time, the Government is already engaged in the process of liquidation of several inactive/inefficient enterprises, restructuring and privatization of SOEs. The Government's rationale for privatization of state enterprises is dictated by reasons of inefficient management, generated losses, insufficiency of funds to recapitalize them, or state budget constraints.

⁴Government Decision No. 1149/2006 on approval of the Strategy for the development of industry until 2015, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=75852&lang=ro

⁵Government Decision No. 511/2016 on approval of the National Strategy of Investment Attraction and Export Promotion for 2016-2020, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=92287&lang=ro

4. Specifically, are there measures to support enterprises with advisory or technology extension services on resource efficiency (energy, material, water) and digitalisation? Does a programme to invest in the modernisation of business processes exist in terms of machinery, equipment, and related training? Please specify whether it is linked to co-operation with an FDI or a supplier development programme.

The Ministry of Economy develops and implements through ODIMM (Organization for Small and Medium Enterprises Sector Development) several tools and measures in order to support enterprises with advisory or technology extension services on resource efficiency and digitalization:

- *The Support Instrument for the Digitization of SMEs* was approved by the Order of the Minister of Economy and Infrastructure No. 100/2020. The support instrument aimed at developing the principles of innovation and technology transfer of SMEs to exploit their potential and facilitate their access to other domestic and foreign markets. Thus, the SME Digitisation Support Instrument represented a set of activities with a complex approach, leading to the effective implementation of the program.
- *The Program for the Digital Transformation of Small and Medium Enterprises*, approved by Government Decision No 129/2022⁶. The program continues and expands the area of interventions of the Support Instrument for the Digitization of SMEs. Thus, its purpose is to recover and increase their economic capacity by integrating digital technologies, creating new business models based on increasing connectivity and harnessing the potential of innovation. The Program will support activities aimed at undertaking new technological equipment, systems, machines, machinery and working tools needed to digitize, innovate and modernize the operational process.
- *The Program to support businesses with high growth potential and their internationalization*, adopted by Government Decision No. 439/2020⁷. Thus, the Program targets three areas of intervention:
 - investing in business growth, competitiveness and productivity: increasing innovative potential through the adoption of new technologies, efficient and flexible management systems, and increasing the efficiency and quality of products/services;
 - import substitution and export orientation: overcoming technical barriers to trade; diversifying products/services with higher added value and adapting them to international standards; providing advice,

⁶Government Decision No. 129/2022 on approval of the Program for the Digital Transformation of Small and Medium Enterprises, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=130254&lang=ro

⁷Government Decision No. 439/2020 on approval of the Program to support businesses with high growth potential and their internationalization, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=122195&lang=ro

information and financial support to identify new foreign markets or potential business development partners;

- creating and strengthening links with local and foreign partners: increasing the capacities of local suppliers to encourage partnerships between local SMEs and transnational corporations; integrating Moldovan SMEs into international value chains (internationalization) and cluster orientation.
- *The Refurbishment and Energy Efficiency Program* is currently being developed and it is supposed to be presented to the Government for approval by the end of 2022. The program aims to improve the production processes of enterprises, by replacing / supplementing inefficient solutions or technical equipment / machinery with modern technological solutions.

5. Who is involved in design, implementation and coordination of industrial/competitiveness policy (ministries, agencies, private sector, social partners, other stakeholders) and how (including what consultation mechanisms)? Is there a formal mechanism for inter-ministerial cooperation on industry policy? How is co-ordination between the various institutions arranged? Is there an entity for the analysis of competitiveness, that is independent of the ministry in charge of such a policy (see Council Recommendation 2016/C 349/01, notably recitals 4 to 7)?

The Ministry of Economy has the main role in the design, promotion and coordination of industrial/competitiveness policy in the Republic of Moldova. At the same time, there are other platforms and mechanisms involved in the design, implementation and coordination of public policies, including industrial/competitiveness policy:

- *The Inter-ministerial Committee for Strategic Planning (CIPS)* was established by Government Decision No 838/2008⁸. The CIPS is a functional structure of general competence, without legal personality, chaired by the Prime Minister and composed of members of the Government and representatives of the State Chancellery, established for the purpose of coordinating the strategic planning process carried out by the Government.
- *The National Commission for Collective Consultations and Negotiations*, established by the Law No. 245/2006⁹ on the organization and functioning of the National Commission for Collective Consultations and Negotiations, the Commissions for Collective Consultations and

⁸Government Decision No. 838/2008 on the Inter-ministerial Committee for Strategic Planning (CIPS) was established by Government Decision, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=103515&lang=ro

⁹Law No. 245/2006 on the organization and functioning of the National Commission for Collective Consultations and Negotiations, the Commissions for Collective Consultations and Negotiations at branch and territorial level, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=107309&lang=ro

Negotiations at branch and territorial level. The National Commission is composed of 18 members and 12 alternate members, appointed for a 3-year term by social partners (Government, employers and trade unions) and has a consultative role in the elaboration of social-economic policies, in the settlement of national conflicts between social partners.

- *The Competitiveness Council* was created in 2014. The Council was created to ensure a better implementation of the Roadmap on Improving the Competitiveness of the Republic of Moldova approved by the Government Decision No. 4/2014¹⁰. The Council represents a platform designated to improve coordination of different institutions (ministries, business associations, scientific community) in order to increase the country's competitiveness.

6. How are enterprises consulted on industry policy and informed about implementing measures in a timely manner?

The legal and institutional framework in the Republic of Moldova facilitates interaction and consultations between stakeholders or social partners - Government, employers, trade unions - in the process of designing, implementing and evaluating public policies. Thus, there are several mechanisms and instruments developed through which enterprises are consulted and informed about public policies, including industry policy:

- *The Economic Council to the Prime Minister*, was established as an advisory body by the Government Decision No. 631/2011¹¹ and became the main platform for interaction between Government and business. The Council was assigned the mission to facilitate the dialogue between the representatives of the business environment and policy makers to develop a favourable social-economic climate and a non-discriminatory, transparent business environment, which would be attractive for investment. Thus, one of the main functions of the Council is to ensure the implication of business in the decision-making process.
- Information and consultation in accordance with the legal provisions on transparency in decision-making adopted by Law No. 239/2008¹² on transparency in decision-making. According to the provisions of Government Decision No. 386/2020¹³ on planning, drafting, approval,

¹⁰Government Decision No. 4/2014 on approval of the Roadmap on Improving the Competitiveness of the Republic of Moldova, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=109566&lang=ro#

¹¹Government Decision No. 631/2011 on the Economic Council to the Prime Minister, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=116620&lang=ro#

¹²Law No. 239/2008 on the legal provisions on transparency in decision-making, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=106638&lang=ro#

¹³Government Decision No. 386/2020 on planning, drafting, approval, implementation, monitoring and evaluation of public policy documents, available in Romanian at:

implementation, monitoring and evaluation of public policy documents, in the process of drafting public policy documents, public authorities are obliged by law to place the concept of those documents on the official pages and to inform stakeholders about the initiation of the drafting of the document. Also, once the document is finalized, public authorities are obliged to consult the draft document with stakeholders.

- *The National Commission for Collective Consultations and Negotiations*, established by Law No. 245/2006¹⁴ on the organization and functioning of the National Commission for Collective Consultations and Negotiations, the Commissions for Collective Consultations and Negotiations at branch and territorial level. Thus, according to the Art. 5, para. 3 of the Law No. 245/2006, draft normative acts in the labor and social-economic fields must be coordinated with the National Commission. The Commission's opinion on a draft legislative act accompanies the draft until its adoption.

7. Are annual reports published about implemented programmes that inform about number of beneficiaries in terms of received benefits and their main characteristics like size, region of location, industry? Are impact evaluations for policies and programmes planned and budgeted as part of strategies and programmes?

The development of the strategic planning framework for the next decade, a process in which the Government of the Republic of Moldova is involved, is carried out in accordance with the new regulatory framework on public policy documents, defined by Government Decision No. 386/2020¹⁵ on planning, drafting, approval, implementation, monitoring and evaluation of public policy documents. Thus, Government Decision No. 386/2020 defines the two types of public policy documents - Strategy (public policy document that defines and plans the Government's public policy in the long term (6-10 years) in one or several areas of Government activity) and Program (public policy document in the medium term (3-5 years), which derives from a Strategy and, respectively, contributes to its implementation by detailing and specifying the actions to be carried out in an area or sub-area of activity) - and stipulates the mandatory structure for both documents, which in both cases contains detailed reporting procedures - description of monitoring and evaluation methods, indication of the public authorities/institutions responsible for reporting and the periodicity of monitoring, evaluation and reporting.

https://www.legis.md/cautare/getResults?doc_id=121921&lang=ro

¹⁴Law No. 245/2006 on the organization and functioning of the National Commission for Collective Consultations and Negotiations, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=107309&lang=ro

¹⁵Government Decision No. 386/2020 on the planning, drafting, approval, implementation, monitoring and evaluation of public policy documents, in the process of drafting public policy documents, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=121921&lang=ro

Policy documents implemented or in the process of implementation, drafted on the basis of the rules established by Government Decision No. 33/2007¹⁶ on the rules of drafting and unified requirements for policy documents, repealed by Government Decision No. 386/2020, do not always contain explicit references to monitoring and evaluation mechanisms (methods, institutions, reporting, etc.) and reporting procedures are not budgeted, as is the case with the Strategy for the development of industry until 2015, the last policy document dedicated to industry. At the same time, there are evaluations of the National Development Strategy "Moldova 2020" and there are more and more evaluations of sectoral strategies and programs, such as the Annual Evaluation Reports of the Roadmap on Improving the Competitiveness of the Republic of Moldova or the Final Evaluation Report of the National Strategy of Investment Attraction and Export Promotion for 2016-2020. The new regulatory framework on public policy documents streamlines the regulation of the public policy cycle, including by requiring well-defined reporting procedures.

8. What is the strategy to attract foreign direct investment (FDI)? Are measures of after-care and a grievance mechanism in place? Which organizations are in charge of FDI attraction, after-care and grievance services? Is an impact evaluation of the FDI measures planned?

The Republic of Moldova has developed a complex legal and institutional framework for attracting foreign direct investment (FDI). Thus, investments are regulated by international treaties to which the Republic of Moldova is party, by the Constitution of the Republic of Moldova (It protects, among other, the inviolability of investments by both individuals and entities; the freedom of trade and entrepreneurial activity; the competition; and the right to private property), and by a series of laws and normative acts including:

- Law No. 81/2004¹⁷ on investments in entrepreneurial activity – establishes the legal, social and economic principles of organization and development of investment activity in the Republic of Moldova, the rights and obligations of investors, the powers and competence of public authorities in the field of investment activity, the guarantees granted by the state to domestic and foreign investors, the method of settling investment disputes, as well as regulations on the activity of enterprises with foreign investments;
- Law No. 174/2021¹⁸ on the mechanism for the examination of investments of importance for state security – defines areas of strategic

¹⁶Government Decision No. 33/2007 on the rules of drafting and unified requirements for policy documents, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=121998&lang=ro

¹⁷Law No. 81/2004 on investments in entrepreneurial activity, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=122080&lang=ro

¹⁸Law No. 174/2021 on the mechanism for the examination of investments of importance for state security, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=128620&lang=ro

importance for state security and establishes the conditions for making investments in areas of importance for state security, as well as the mechanisms for supervising these investment activities and;

- Special laws establishing Investment Platforms (e.g. Free Economic Zones, Industrial Parks, IT Parks).

Since 1992, the Republic of Moldova has been a member of MIGA - Multilateral Investment Guarantee Agency. This international agency can be used whenever necessary by a foreign investor as a guarantee against political risks, which further contributes to the success of an investment in Moldova. The Republic of Moldova ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 2011 (ICSID Convention) and is also a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958).

To enable investment in the Moldovan economy and to ensure an efficient promotion of exports of domestic goods and services, the Moldovan Government approved the *National Strategy for Investment Attraction and Export Promotion for 2016-2020* and associated implementation Action Plan, a strategic document reflecting the country's vision in this area. As stated in the strategy “an accelerated and sustainable growth of the national income is only possible through the increase and diversification of exports. However, the technological gap represents a major structural shortcoming, which undermines the competitiveness of Moldovan exports. In order to reduce it and catalyze the export-oriented growth model, major investments are needed in the development of productive capital”. The Strategy identified seven priority sectors for investment and export promotion: agriculture and food, automotive industry, business services such as business process outsourcing (BPO), clothing and footwear, electronics, information and communication technologies (ICT), and machinery.

A new strategic document on attracting FDI has not yet been developed, but there is a study/document in the process of development for supporting Invest Moldova Agency in attracting FDI, prepared with assistance from the European Bank for Reconstruction and Development (EBRD). At the same time, the Agency continues to be guided by the provisions and vision of the most recent strategy, given that many of the actions of this document still remain valid.

The Ministry of Economy is the institution responsible for the development of FDI policies, while the Invest Moldova Agency serves as the focal point for all matters related to investments. The focus of the Agency is promotion and support of the investments. Its activity may be split in three main groups:

Investment Promotion	Investment Facilitating	Investment After Care Program
Business forums and missions Investment fairs and Exhibitions Conferences and round tables	Personalized services Providing sector information and facilities Investment profiles Investment locations analysis	Elaboration and assistance of technical visits Technical working sessions Business matching – B2B with local companies Connecting with partners (public authorities, existing investors) Connecting with service providers

There is no impact evaluation of the FDI measures currently planned.

The 2016-2020 National Strategy for investment attraction and export promotion (Government Decision No. 511/2016¹⁹) included an analysis regarding the FDI impact on the national economy. Also, the Strategy action plan included KPI's relevant to FDI evaluation during that period. Additionally, impact evaluation of the FDI is planned to be monitored within the National Program for Investment Attraction and Export Promotion 2022-2030. Within the Invest Moldova annual plan, a yearly study on the investment climate among the existing investors of Moldova is conducted. Another vital aspect for analysis includes the FDI impact upon export capacity. As a result, study was initiated, with the main objective of identifying FDI sources within markets correlated to 10 selected export destinations for each of the strategic sector”.

9. Have the authorities supported the creation of economic zones? If so, please shortly describe their nature and how their operation will be evaluated.

Law No. 440/2001²⁰ on free economic zones regulates the process of creation and functioning of Free Economic Zones (FEZ), which are economically separate parts of the customs zone of the Republic of Moldova, in which local and foreign investors are allowed, on a preferential basis, certain types of entrepreneurial activity. The territory of the free zones is separated from the rest of the country by a safe enclosure. Each FEZ is administered by a separate public body – FEZ Administration – appointed by the Government.

¹⁹Government Decision No. 511/2016 on The 2016-2020 National Strategy for investment attraction and export promotion, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=92287&lang=ro

²⁰ Law No. 440/2001 on free economic zones, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=111437&lang=ro

The FEZs are created with the aim of accelerating the socio-economic development of the country by:

- attracting domestic and foreign investment;
- implementation of modern techniques and technologies;
- developing export-oriented production;
- application of advanced production and management expertise;
- job creation.

While most production from FEZs is exported, FEZ residents can also sell production into the customs territory of the Republic of Moldova. The allowed business activities in the free economic zones are:

- industrial production of goods for export;
- sorting, packaging, labelling and other similar operations for goods in transit in the customs territory of the Republic of Moldova;
- external trade activities;
- other auxiliary activities required for the above plants (utilities, storage, construction, restoration etc.).

Firms establishing in FEZs ("residents") benefit from the following incentives:

- 50% national Corporate Income Tax (CIT) of the income obtained from goods and services exported outside the Republic of Moldova or sold to other FEZ residents (25% reduction in case of goods and services sold to Republic of Moldova);
- Full CIT exemption for a period of 3 or 5 years depending on the size of investment (at least USD 1 million or USD 5 million respectively);
- VAT, customs and excise duties exemption;
- 24/7 on site Customs Office
- 10 years state guarantee for changes of legislation (while under certain conditions this period may be extended to 20 years).

Based on the existing legal framework, 7 *free economic zones* (FEZ "Balti", FEZ "Ungheni-Business", FEZ "Export-Business-Chisinau", FEZ "Valkanes", FEZ "Tvardița", FEZ "Taraclia", FEZ "Otaci-Business") have been created and are operating, with 38 sub-zones located throughout the country on a total area of about 440 ha. According to the situation as of 31 December 2021, 229 residents were registered in the 7 FEZs, with a number of employees of 15,830 persons and a gross average monthly salary of 471.2 USD (cca. EUR 450).

The total value of investments made in the free economic zones during the entire period of activity until 31 December 2021 amounted to USD 506.2 million. The total income from sales of industrial production by free zones amounted to USD 672.9 million in 2021, of which USD 612.4 million was export revenue.

The FEZs activity, 2021

	2021				
	Total investment stock (USD million)	Number of firms active	Employees	Production (USD million)	Exports (USD million)
FEZ "Export-Business-Chișinău"	75.3	56	1 591	36,0	31.4
FEZ "Balti"	249.5	81	10 206	449,9	417.9
FEZ "Ungheni-Business"	103.8	43	2829	147.4	131.0
FEZ "Valkanes"	25.3	27	728	21.8	21.7
FEZ "Tvardita"	23.4	5	250	13.8	8.4
FEZ "Otaci-Business"	9.4	7	40	0.18	0
FEZ "Taraclia"	19.6	10	186	3.8	2.0
Total	506.3	229	15 830	672.9	612.4

The Ministry of Economy prepares and publishes an annual report of FEZ activity²¹. However, it should be noted that there are no comprehensive reports of the impact of the FEZ on the economy.

B. Privatisation and Restructuring

10. What policy plan has been formulated for privatisation and restructuring in industry, incl. mining?

The Government of the Republic of Moldova is determined to launch comprehensive public-owned enterprises reforms in order to address challenges with SOEs governance, transparency, information disclosure, and efficiency. In this regard, the Government will develop and adopt a state-ownership strategy/law

²¹ <http://www.me.gov.md/ro/content/zonele-economice-libere>

– for all SOEs operating at the central government level – to identify public enterprises to undergo *liquidation, privatization* or *reorganization*. At the same time, the Government will strongly recommend that local public authorities improve the corporate governance and/or examine the opportunity to reorganize the municipal enterprises into other legal forms of organization provided by the legislation.

State ownership remains large in several backbone sectors that are of importance to the overall competitiveness of the economy, such as telecom, energy, and transport, but less so in manufacturing and mining.

The Republic of Moldova does not have a plan developed solely for the privatization and restructuring of the industrial sector, including the extractives sector. Instead, the Government plans to privatize a list of state-owned assets as outlined in *Government Decision No. 945/2007²² on measures to implement Law No. 121/2007 on the management and denationalization of public property*.

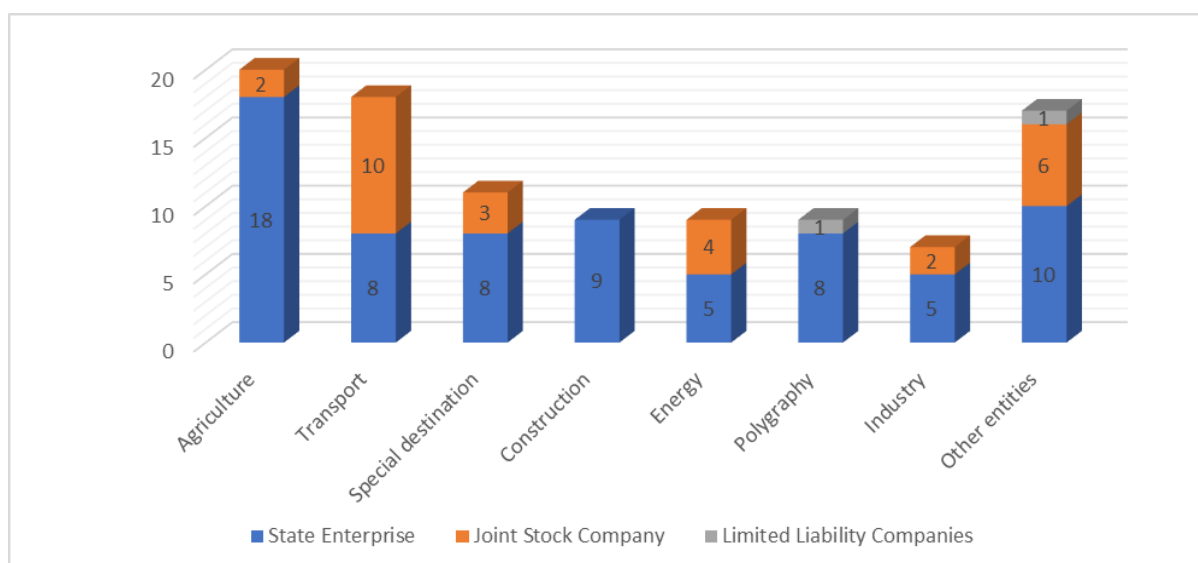
The Public Property Agency is the body empowered with the administration and denationalization (privatization) of state public property, according to *Law No. 121/2007²³ on the administration and denationalization of public property*. The Public Property Agency can update the List of state-owned assets subject to privatization by drafting the corresponding Government Decision according to its assigned competencies and taking into account the proposals submitted by relevant central public administration authorities/line ministries. After the approval of the Government Decision, only those state-owned assets included in the list of state-owned assets subject to privatization are listed for privatization.

Currently, the Public Property Agency manages one hundred active *SOEs*, of which only 7 are in the industrial/manufacturing sector. Only some of them are engaged in industrial production, while the only two State Enterprises (SE) in the extractive (mining) industry are located in Ukraine.

²²Government Decision No. 945/2007 on the measures to implement Law No. 121/2007 on the management and denationalization of public property, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129546&lang=ro

²³Law No. 121/2007 on the administration and denationalization of public property, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129363&lang=ro

Number of active SOEs by sector



Source: Public Property Agency

The restructuring of the SOEs is stipulated in *Law No. 246/2017²⁴ on State Enterprise and Municipal Enterprise*, which sets out the legal, organizational, and economic conditions for the establishment, operation, and termination of the State and Municipal Enterprises. Thus, under Art. 19 para. (3) letter a) and letter b) of Law No. 246/2017, the Government is responsible for approving the lists of state enterprises subject to voluntary liquidation procedures. At the same time, it is stipulated that, within 24 months from the entry into force of the above-mentioned law, the Government shall initiate the reorganization of state-owned enterprises into other legal forms of organization provided for by the legislation (*Joint-Stock Companies, Limited Liability Companies or Public institution*). In this regard, from 2019 to 2022, the Public Property Agency, as founder, has developed and promoted several draft regulations on the liquidation and/or reorganization of State Enterprises. At the same time, to comply with the provisions of Law No. 246/2017 to efficiently exploit public property, and protect the legitimate rights and interests of the state, the Public Property Agency is committed to intensifying the procedures for the reorganization of state enterprises into other legal forms of organization.

11. Is the environment for developing the ownership and corporate governance system adequate?

The Moldovan government is engaged in the process of liquidation, restructuring, and privatization of SOEs, but continues to hold a significant stake in several

²⁴Law No. 246/2017 on State Enterprise and Municipal Enterprise, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129374&lang=ro

sectors of the national economy. Thus, the management, control, and reporting of state-owned economic entities are very important, including from the perspective of sustainable corporate governance practices.

In this context, the Government of the Republic of Moldova is implementing a series of actions for the corporate governance of *SOEs*, following the *OECD Guidelines on Corporate Governance of State-Owned Enterprises*. Thus, relevant actions are taken in a series of areas, including:

- *State ownership and increased concentration.* The government implements the policy of centralizing ownership in a single public institution - the *Public Property Agency (PPA)* – and ensuring its exercise of the related property rights. In line with international best practice, the state acts through the PPA as an informed and active owner, ensuring that the governance of SOEs is carried out in a transparent and accountable manner, with a high degree of professionalism and effectiveness. Several enterprises are being liquidated, restructured, or privatized, while the government is working to simplify and standardize the legal forms under which SOEs operate.
- *Disclosure and transparency.* Law No. 246/2017 on the State Enterprise and Municipal Enterprise contains provisions related to disclosure and transparency, in the spirit of the *Corporate Governance Code*, adopted by the Decision of the National Financial Market Commission No. 67/10/2015²⁵. Thus, in order to disclose information on economic and financial activity, the entities in question must prepare and publish comprehensive data covering economic activity. Therefore, the legal framework imposes higher transparency requirements for SOEs, including the publication of reports within 4 months after the end of each financial year on their websites and on the founder's page. Several SOEs have adopted their Corporate Governance Codes and actions are being taken to comply with the existing legal framework on the publication of reports on the official corporate and founder's pages.
- *Professionalizing the Boards of Directors.* The Board of Directors plays a fundamental role in the management process of SOEs since the Board's role becomes paramount in maximizing the public interest in a free-market economy. Thus, to improve the efficiency of activity of SOEs' Boards of Directors members, as well as of the administrators of these enterprises, the following models were approved through *Government Decision No. 484/2019* ²⁶for the approval of some normative acts on the

²⁵Decision of the National Financial Market Commission No. 67/2015 on the approval of the Corporate Governance Code, available in Romanian at:
https://www.legis.md/cautare/getResults?doc_id=104772&lang=ro

²⁶Government Decision No. 484/2019 for the approval of some normative acts on the implementation of Law No. 246/2017 on state-owned enterprise and municipal enterprise, available in Romanian at:
https://www.legis.md/cautare/getResults?doc_id=118535&lang=ro

implementation of Law No. 246/2017 on state-owned enterprise and municipal enterprise:

- The model statute of the state enterprise;
- The model statute of the municipal enterprise;
- The model regulation on the organization and conduct of the competitive selection for the vacant position of the administrator of the state enterprise;
- The model individual employment contract of the administrator of the state/municipal enterprise;
- The model rules of the board of directors of the state enterprise;
- The model regulations of the board of auditors of the state enterprise.

Also, at the stage of finalization/promotion are the draft Government Decision on the approval of the Regulation on the method of selection and appointment of members of the board of directors and the auditors' committee of state-owned enterprises and the conditions of their remuneration and the Government Decision on the representation of the state in companies with public or public-private capital, which establish a clear procedure for the nomination of state representatives to ensure the selection of the most suitable persons based on merit, expertise and good reputation.

12. Are bankruptcy and social protection legislations applied to the liquidation of non-viable enterprises? If not systematically, please explain. Do the same bankruptcy rules apply to both private and state-owned enterprise without differences?

*The Insolvency Law No. 149/2012*²⁷ regulates the insolvency process in the Republic of Moldova and establishes a collective procedure for the satisfaction of creditors' claims from the debtor's assets by applying a restructuring or bankruptcy procedure to the debtor and by distributing the finished product. According to the provisions of this law, this procedure applies to legal persons, regardless of the type of ownership (private or SOEs) and legal form of organization, individual entrepreneurs, including holders of entrepreneurial patents, insurance companies, undertakings for collective investment in securities, trust companies, non-commercial organizations, registered in the Republic of Moldova, as well as to properties left for inheritance by natural persons, regardless of whether or not they carried out entrepreneurial activity, except for banks, the state, administrative-territorial units and legal persons whose activity is legally regulated.

²⁷Law No. 149/2012 on the insolvency, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130857&lang=ro

The application for the commencement of insolvency proceedings shall be examined by the court (insolvency court) under the jurisdiction established in the Code of Civil Procedure and the Insolvency Law. The insolvency court decides, based on the assessment of the grounds for insolvency and the facts established during the examination of the application, whether to open insolvency proceedings or to reject the application.

The decision to open insolvency proceedings becomes enforceable upon its pronouncement. In the course of insolvency proceedings, the interests of all creditors shall be represented by the creditors' meeting and the creditors' committee established according to Law No. 149/2012. It is the exclusive competence of the creditors' meeting to approve the decision on the distribution of the debtor's assets, which includes all the debtor's assets at the date of the commencement of the insolvency proceedings, as well as those that the debtor acquires and recovers during the proceedings.

At the same time, in the case of SOEs, taking into account the fact that their assets are transferred to them for use only while the right of ownership belongs to the state, the authorized administrator is currently obliged, in addition, to request the consent of the state (state body powered with the right of administration of the enterprises) regarding the inclusion of assets of these enterprises in the debtor's estate.

In order to overcome this situation and to standardize the insolvency process, the text of *the Law No. 246/2017²⁸ on the state enterprise and municipal enterprise* includes provisions according to which the assets of the state/municipal enterprise consist of the private property of the state/administrative-territorial unit/Autonomous Territorial Unit of Gagauzia deposited as a contribution to the share capital of the enterprise and the assets obtained as a result of the activity carried out and that belong to it by right of ownership. At the same time, the public property of the State/Administrative Territorial Unit/Autonomous Territorial Unit of Gagauzia administered by the enterprise does not belong to it by right of ownership. These goods cannot be targeted for the debts of the state/municipal enterprise, cannot be alienated or subjected to compulsory execution, not even in the event of insolvency, cannot be pledged nor used as collateral, cannot be acquired by other persons by usucaption or through the effect of good faith possession. The accounting records of these assets shall be kept separate from the records of the assets of the state/municipal enterprise.

Therefore, in the context of the implementation of the provisions of the *Law No. 246/2017 on the state enterprise and municipal enterprise*, the PPA has initiated the process of evaluation and delimitation of SOEs' assets, to determine which assets will remain in state ownership and which ones will be registered as the property of the enterprise. After the completion of the process of delimitation and registration of the ownership of the SOEs over the assets belonging to them, the

²⁸Law No. 246/2017 on the state enterprise and municipal enterprise, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129374&lang=ro

need to coordinate the list of assets included in the debtor's estate with the agency authorized with the right of administration over state-owned enterprises will disappear, and the formation of the debtor's estate will be carried out in the manner established for all legal entities falling under the provisions of *the Insolvency Law*.

The Law No. 105/2018²⁹ on promotion of employment and unemployment insurance promotes efficient employment measures on the labour market, modernizing them in line with European aspirations, as well as reducing the level of unemployment and its social effects. The law does not contain special provisions regarding social protection offered to the employees of companies going into bankruptcy.

C. Enterprise and SMEs

Policies

13. Which law(s) set the legal framework for the management and corporate governance of state-owned enterprises (SoE), i.e., non-financial enterprises with commercial business activities that are controlled by a public body?

State ownership of public enterprises follows a centralized model. Companies are incorporated according to three legal forms: state-owned enterprises (SOEs), joint-stock companies (JSCs) and limited liability companies (LLCs). State ownership follows a centralized model founded and supervised by the Public Property Agency (PPA) - a central administrative authority subordinated to the Government.

The key laws which set the legal framework for the management and corporate governance of SOEs are:

- Law No. 246/2017 on state owned enterprises and municipal enterprises³⁰
 - this law sets the legal, organizational and economic conditions for the establishment, operation and termination of the activity of the state enterprise and the municipal enterprise. Furthermore, the law was adopted in order to update and standardize the public administration policies of state and municipal enterprises to the general rules of corporate governance, to clearly determine and delimit the duties of the founder, board of directors and administrator;

²⁹Law No. 105/2018 on promotion of employment and unemployment insurance, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130921&lang=ro

³⁰Law No. 246/2017 the state-owned enterprise and the municipal enterprise, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129374&lang=ro

- Law No. 1134/1997³¹ on joint stock companies;
- Government Decision No. 902/2017³² on the organization and functioning of the PPA.

Also, the above-mentioned Law No. 246/2017 stipulates that the government must initiate the reorganization of state-owned enterprises into other legal forms of organization provided by law. By now, only a few companies have been reorganized into subjects to legislation applicable to any other business entity. In the coming period, it is expected that this process will accelerate.

14. Please provide us with the official definition(s) for SMEs and the relevant legislation which regulates this issue. Indicate if it differs from the EU definition in accordance with Commission Recommendation 2003/361/EC.

The SME definition is indicated in Law No. 179/2016³³ on Small and Medium Enterprises and can be summarized as follows:

The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding MDL 50 million, and/or an annual balance sheet total not exceeding MDL 50 million.

The indicators divided into categories of SMEs are presented in the table below as follows:

Company category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	up to 249	up to MDL 50 m		up to MDL 50 m
Small	up to 49	up to MDL 25 m		up to MDL 25 m
Micro	up to 9	up to MDL 9 m		up to MDL 9 m

³¹Law No. 1134/1997 on joint stock companies, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130627&lang=ro

³²Government Decision No. 902/2017 on the organization and functioning of the PPA, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130632&lang=ro

³³Law No. 179/2016 on Small and Medium Enterprises, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=131008&lang=ro

The existing definition of SMEs was adopted in 2016 and it is in line with EU and international good practices. It uses employment, turnover and balance sheet criteria to determine whether a company is a micro, small or medium enterprise.

The difference between the EU and the Republic of Moldova SMEs definition is that thresholds for turnover and assets are lower in Moldova, reflecting Moldova's lower per capital incomes, while the employment criteria are the same.

15. What is the share of micro (up to 10 employees), small (up to 50) and medium-sized companies (up to 250 employees) in the economy in terms of GDP, employment and export? Please indicate which data sources are used. Are methodologies harmonised with EU methodology?

The small and medium-sized enterprises (SMEs) sector continues to play a key role in the national economy. With a share of 98.6% of the total number of enterprises in the economy, they generate over 60 percent (60.1%) of the total jobs and almost 40 percent (39.3%) of the turnover obtained by enterprises. As a result, they contribute almost half (48%) to the formation of the Gross Domestic Product.

SMEs in the Republic of Moldova have been more affected by the impact of the pandemic compared to large enterprises. According to the NBS publication on National Accounts, in 2020 the contribution of SMEs to the formation of GDP decreased by 2.9 percentage points to 48%. It should be noted that until the pandemic; SMEs have tended to lag behind in creating added value in the economy. For example, in 2017 the small and medium enterprise sector generated 52.1% of GDP.

The importance of SMEs in the economy of the Republic of Moldova, 2020

Company category	GDP	Employment	Turnover	Export
Micro		19.6%	10.7%	
Small		21.6%	16.0%	
Medium-sized		18.9%	12.6%	
Total SMEs	48.0%	60.1%	39.3%	NA

Source: National Bureau of Statistics

The information about SMEs is based on the following data sources:

- Data on the **number of employees and turnover** are collected on the basis of the financial statements presented by the entities, which keep the accounting under the double entry accounting system, except for banks, insurance companies, savings and loan associations, individuals, non-profit organizations. and budgetary institutions.
- Data on the **contribution of SMEs to GDP formation** are extracted from the National Accounts, which are prepared by the NBS. The accounts are developed in line with the methodology of the United Nations' National Accounts System, version 2008 (SNA-UN-2008), compatible with methodology of the European System of Accounts, version-2010 (SNA-UN-2008/ESA-2010). To be complex and accurate, the national accounts are adjusted to the unobserved economy elements. Estimates are produced in line with the SNA-UN-2008/ESA-2010 version and the OECD recommendations reflected in the publication "Measurement of Unobserved Economy", edition 2002.
- Data on the **SMEs share in total exports** at present are not generated by any institution in the national statistical system. In the next period, the National Bureau of Statistics plans the full convergence of national statistics to the Compendium of European Statistics. This will also involve the calculation of this indicator.

16. Is there a framework policy development paper that defines/includes the approach and policy towards enterprises/SMEs?

At the end of 2012 Moldova's government adopted the SME Strategy 2012-2020³⁴. The strategic vision of the document relies on making Small and Medium Enterprises from the Republic of Moldova as a factor of steady economic growth and national competitiveness, while the strategic objective is based on creation of a favorable business environment, promotion of business culture in the course of SMEs support and assurance of social unity. To achieve its strategic goal, the government has set out to implement six priority directions:

- Adjustment of the normative and regulatory framework to match SMEs needs
- Improvement of access to financing for SMEs
- Development of human capital through promotion of competences and entrepreneurial culture
- Increase SMEs competitiveness and stimulation of innovation spirit
- Facilitation of SMEs development in regions

³⁴Government Decision No. 685/2012 on the approval of the SME Development Strategy, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=110186&lang=ro

- Business partnership development

The evaluation conducted in 2021 emphasizes the positive impact on the SME sector that was achieved in this period, primarily by improving the business environment and implementing diverse direct support programmes for SMEs. It also points to failures, especially in outreach to the larger population of SMEs and in substantially increasing access to finance and international markets. The implementation of the strategy was further complicated by continued migrations and brain drain, weak governmental management structures, especially in the regions, and a large skills mismatch. The COVID-19 pandemic put further pressure on the economy and reversed some of the early achievements.

The last edition of the ‘SME Policy Index: Eastern Partner Countries 2020’³⁵ concludes that since 2016, the Republic of Moldova has made moderate progress in further developing a conducive business environment for SMEs. Moldova has advanced in the implementation of the SME Development Strategy 2012-2020 with substantial progress in the reduction of burdensome regulation, the implementation of regulatory impact analysis and the provision of business development services for SMEs. The SME Policy Index points also to noteworthy reforms in the business environment, such as, reinforced policy framework for entrepreneurial learning, start-up support for young entrepreneurs, an expansion of the credit guarantee scheme, broadened e-government services and a formalized public-private dialogue platform. These are important reforms, but progress needs to be maintained. The index highlights some areas where Moldova should focus in the future:

- Promoting a level playing field for all enterprises through effective competition policy and a transparent and independent judiciary.
- Promoting entrepreneurial learning, including meeting the specific skills requirements of SMEs.
- Internationalization of Moldovan SMEs is a short and long-term challenge.
- More emphasis on making better use of Moldova’s DCFTA with the EU and
- Supporting the innovation activities of SMEs and their transition to the green economy.

Moreover, the normative framework regarding the activity of enterprises provides some regulations which are defining to some extent the approach and policy to towards enterprises/SMES , among which the following should be highlighted:

- Law No. 845/1992³⁶ on entrepreneurship and enterprises, establishes the economic agents who have the right, on their behalf (their companies), to

³⁵SME Policy Index: Eastern Partner Countries 2020, available in English at:

<https://www.oecd-ilibrary.org/docserver/8b45614b->

<en.pdf?expires=1651067362&id=id&accname=guest&checksum=B1964D29DD28433E52A52C3AC9958898>

³⁶Law No. 845/1992 on entrepreneurship and enterprises, available in Romanian at:

carry out entrepreneurial activity in the Republic of Moldova and determines the legal, organizational and economic principles of this activity.

- Law No. 179/2016³⁷ on small and medium enterprises, establishes the legal framework for the activity of micro, small and medium enterprises, as well as the support measures from the state for their creation and development. The law provides rules on the definition and classification of SMEs, the institutional framework for implementing policies for SMEs, provision regarding stimulating of the establishment and development of start-ups, facilities, entrepreneurship education, encouraging innovation and internationalization of SMEs etc.
- Law No. 235/2006³⁸ on the basic principles for regulating entrepreneurial activity. Regulation of entrepreneurial activity means the establishment of rights, obligations, requirements and prohibitions for entrepreneurs throughout their activity (from initiation to liquidation of the business), as well as the regulation of relations between public administration authorities, other institutions authorized by law with regulatory functions and control and entrepreneurs. The purpose of the law is to create a legal favorable business environment and investment climate framework for socio-economic development by establishing the basic principles for regulating entrepreneurial activity and the procedure for reviewing regulations according to these principles:
 - the predictability of the regulation of the entrepreneurial activity;
 - decisional transparency and transparency of the entrepreneurial activity regulation;
 - regulatory impact analysis;
 - material and procedural regulation of the initiation, development and liquidation of the business only through Laws;
 - fairness (proportionality) in the relations between state and entrepreneur.
- Law No. 239/2008³⁹ transparency in decision-making establishes the rules applicable to ensure transparency in decision-making within the central and local public administration authorities, other public authorities and regulates their relations with citizens, associations established in accordance with the law, with other stakeholders in order to participate in the decision-making process. The law aims to ensure multilateral information on the decision-making process within public authorities, as

https://www.legis.md/cautare/getResults?doc_id=131113&lang=ro

³⁷Law No. 179/2016 on small and medium enterprises, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=131008&lang=ro

³⁸Law No. 235/2006 on the basic principles for regulating entrepreneurial activity, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=107358&lang=ro

³⁹Law No. 239/2008 on transparency in decision, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=106638&lang=ro

well as the direct participation of citizens, associations established in accordance with the law, other stakeholders in the process of drafting normative acts and policy documents, including impact on entrepreneurial activity.

17. Have the authorities developed a specific SME development strategy/action plan? Please describe its status, period and main points of action. Please provide an overview of basic SME policy documents (policy analysis, strategies, action plans, and regulations). Please briefly explain to what extent policy design and implementation is based on reliable SME statistics, including enterprise level surveys.

The state's vision of the sector has been set out in policy documents, such as:

- Strategy for supporting the development of small and medium enterprises for the years 2006-2008;
- State Program for Supporting the Development of SMEs for the years 2009-2011;
- The development strategy of the SME sector for the period 2012-2020.

Implementation reports have been prepared for each policy document. With reference to the Report on the last above-mentioned document, it represents an impartial evaluation, based on surveys and interviews of key actors who were involved in the implementation of the Strategy. Thus, 105 SMEs were interviewed online, of which 64% are beneficiaries of state financial assistance programs, most of which have participated in the last 3 years.

The report also contains the results of the analysis of the constraints and challenges faced by the SME sector during the years 2012-2020, as well as recommendations for the development of a new medium-term public policy document, dedicated to the SME sector. In this regard, the National Program for Promoting Entrepreneurship and Increasing Competitiveness for 2022-2026 is being developed and will replace the old policy document - Small and Medium Enterprise Sector Development Strategy for 2012-2020, which expired in 2020.

The Programme is planned to be approved by the Government by September 2022. The strategic objective of the Programme is to drive national entrepreneurship from a demand and opportunity-based entrepreneurship to one that is based on innovation and smart specialization that operates in a holistic and conducive entrepreneurship ecosystem and leads to sustainable, balanced, and inclusive socio-economic development in the Republic of Moldova.

The objective is to be achieved through measures and actions in five areas defined as specific objectives:

SO1. Enable Business Environment for the Creation and Operation of SMEs - it includes the actions that will make public administrations more responsive to

SMEs' needs leading to the creation of an environment conducive to entrepreneurship, innovation, and economic growth.

SO2. Strengthen Entrepreneurial Culture and Capabilities – it includes actions aimed at developing strong entrepreneurial human capital, potential and active entrepreneurs, with specific focus on women, youth, migrants and other underserved and vulnerable groups.

SO3. Improve SMEs access to finance – includes actions that address the development of new financial instruments for SMEs to lower the cost of finance and enable long-term financing, as well improving financial literacy of SMEs and start-up entrepreneurs to provide them with financial skills necessary to create efficiency and effectiveness in business operations before and after accessing loans.

SO4. Improve competitiveness and access to markets – actions to be implemented under these objectives will help increase the competitiveness of SMEs in international and regional markets as well as to lower entry threshold for SMEs participation in publicly financed projects.

SO5. Facilitate Technology Exchange and Innovation – these actions focus on areas where the SME development intersects with research, innovation, and smart specialization strategies. It provides SME specific actions that will increase innovation drive with SMEs and create incentives to develop sustainable and green business projects.

The Methodology for the design of the above-named Programme is following the Government Decision No. 386/2020⁴⁰ on planning, development, approval, implementation, monitoring and evaluation of the public policy document. The following main building blocks are envisaged:

Understand country-specific challenges

- Map the current status of entrepreneurship in the country
- Identify country-specific entrepreneurship opportunities and challenges

Specify goals and set priorities

- Define strategies to achieve specific objectives and reach specific target groups
- Develop and prioritize actions

⁴⁰Government Decision No. 386/2020 on planning, development, approval, implementation, monitoring and evaluation of the public policy document, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=121921&lang=ro

Ensure coherence of entrepreneurship strategy with other national policies

- Align entrepreneurship strategies with overall development strategy and other private sector development strategies
- Manage interaction and create policy synergies

Strengthen the institutional framework

- Designate a lead institution
- Set up an effective coordination mechanism and clarify mandates
- Engage with the private sector and other stakeholders
- Ensure business-like service delivery

Measure results, ensure policy learning

- Define clear performance indicators and monitor the impact
- Set up independent monitoring and evaluation routines
- Incorporate feedback from lessons learnt

The Programme contributes to the sustainable development goals of the 2030 Agenda for Sustainable Development.

The development of the Programme is based on statistical data collected by the National Bureau of Statistics, various reports done by civil society organizations and the donor community in Moldova, and the OECD assessment of the SME sector development according to the Small Business Act assessment methodology.

During the design process, the responsible authority may form a dedicated Working Group that comprises representatives from state institutions involved in SMEs sector support, business community representatives (vertical and horizontal associations), think tanks and representatives of development partners.

18. Who is involved in the design and implementation of SME Policy (ministries, agencies, private sector, stakeholders) and how (including what consultation mechanisms)?

As a holder of executive power, the Government determines and exercises the policies of the Republic of Moldova. The legal act that regulates the activity of small and medium-sized enterprises, as well as measures of support from the state

for their creation and development is the Law No. 179/2016⁴¹ on small and medium-sized enterprises.

According to the Law No. 179/2016, the Government has the following tasks:

- to approve policies to support the development of SMEs through strategic planning documents (strategies) and state programs for the development of the SME sector;
- to ensure the coordination of policies and measures to encourage and support SMEs, their monitoring and evaluation through the Ministry of Economy.

The *Ministry of Economy* is invested with the following competences:

- elaboration and implementation of State strategies and programs in the field of SMEs development;
- cooperation with local public authorities in order to carry out similar programs at the local level;
- analysis of the evolution of the sector and submission of proposals on the elimination of administrative barriers in SME relations with state bodies;
- coordination of the implementation of national financial and technical assistance programs for the development of the SME sector.

The implementation of the state policy on supporting the development of the SME sector is carried out by the *Organization for Small and Medium Enterprises Sector Development (ODIMM)*

The *Local public administration* authorities approve and implement local and regional strategies and programs to support the development of SMEs.

In order to carry out the analysis of the development competitiveness of the SME sector, the development of skills and entrepreneurship and the submission of recommendations for improving the development environment of SMEs, the government forms the *Consultative Council for SMEs*, a body with no legal personality.

The Consultative Council for SMEs includes representatives of the public, private and associative sectors and has the following duties:

- identifies key issues, focuses on the needs of small and medium-sized enterprises in the Republic of Moldova;
- presents the opinion of the business community on the problems and interests of SMEs to the Ministry of Economy;

⁴¹Law No. 179/2016 on small and medium-sized enterprises, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=131008&lang=ro

- submits proposals to improve the legislative and regulatory framework with an impact on the establishment and development of small and medium-sized enterprises;
- submits recommendations on the development, modification and implementation of programs and policies to support the development of the small and medium enterprises sector in accordance with the requirements of the single market and the needs of increasing the quality of products, according to European standards;
- assists in promoting policies supporting the development of the small and medium-sized enterprises sector;
- increases public and stakeholders awareness on the issues of small and medium-sized enterprises;
- collaborates with civil society, the private sector, the media on issues of development of small and medium-sized enterprises;
- monitors SMEs ' access to finance and the implementation by the competent institutions of the recommendations developed by the Council.

The state programs to support the development of the SMEs sector represent a complex of activities aimed at achieving a well-defined objective within the state policy on stimulating the development of micro, small and medium-sized enterprises, financed from budgetary financial means, including foreign donations.

The other actors involved in the design and implementation of the SME policy are: Ministry of Finance, National Bank of Moldova, Ministry of Agriculture and Food Industry, Ministry of Labor and Social Protection, Investment Agency of Moldova, Chamber of Commerce and Industry, National Agency for Research and Development, National Commission for Financial Markets, Electronic Government Agency, Financial-Banking Institutions, Employment Agency, Civil Society.

The way of promoting the normative acts, is regulated by Law No.100/2017⁴² on normative acts. According to the provisions of this law, the draft regulation and the informative note are submitted for approval to the public authorities responsible for the implementation of the regulation, to the stakeholders, who prepare and present to the author of the project the opinions on the draft regulation. The draft regulation is publicly consulted through the website particip.gov.md and, and, by case, the organization of the working meetings.

The mechanism of public consultation with the civil society is conducted according to the Regulation on procedures for public consultation with the civil

⁴²Law No.100/2017 on normative acts, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=105607&lang=ro

society in the decision-making process, approved by the Government Decision No. 967/2016⁴³.

Also, the Law No. 239/2008⁴⁴ on transparency in the decision-making process sets the norms applicable to the authorities of central and local public administration and to other public authorities in order to ensure transparency in decision making by regulating the relations of these authorities with citizens, associations established in compliance with the law, and with other stakeholders, in order to participate in decision making.

19. Which are the main tools/instruments, programmes, finance for SME Policy? Please estimate the amount of funding made available for SMEs through public authorities and other donors (EU, international/bilateral donors).

According to Law No. 179/2016⁴⁵ on small and medium enterprises, the implementation of the state policy on supporting the development of SMEs is carried out by the Organization for the Development of the Small and Medium Enterprises Sector (ODIMM), the organizational structure responsible for this field, as well as other authorities, public and private institutions in the field.

ODIMM currently manages a wide range of business support programs, most of which provide integrated training, funding and mentoring. The total budget allocated from public funds for 2022 is MDL 340 million. Among the most relevant Grant Component Funding Programs are:

- "START for YOUTH: a sustainable business at home" Program;
- "Women in Business" Program;
- The Program for attracting remittances in the economy "PARE 1 + 1";
- SME Digitization Support Instrument;
- Small and medium-sized enterprise greening Program;
- Business support Program with high potential for growth and internationalization.

Other two new SME support programs have been launched this year: the Digital Innovation and Technology Start-up Support Program and the Digital

⁴³Government Decision No. 967/2016 on the approval of the mechanism of public consultation with the civil society, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=119856&lang=ro

⁴⁴Law No. 239/2008 on transparency in the decision, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=106638&lang=ro

⁴⁵Law No. 179/2016 on small and medium enterprises, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=131008&lang=ro

Transformation Program for Small and Medium-sized Enterprises, with a cumulative budget for 2022 of 35 million MDL.

In 2022, the government is on course to approve six more new SME support programs, with a cumulative budget of MDL 600 million under the short-term budgetary policy framework for 2022-2024:

- Refurbishment and Energy Efficiency Program;
- Social enterprise support Program;
- The “Second Chance” Program;
- “Rural tourism start-up” Program;
- Program to facilitate the grouping of SMEs in Clusters;
- Fund for the Development and Acceleration of the Sustainable Economy (allocated budget - MDL 70 million).

Currently, ODIMM is in close collaboration with strategic donors of the Republic of Moldova, including the Delegation of the European Union to the Republic of Moldova, the World Bank, USAID, EBRD, GIZ, etc., and for 2022 a financial support of EUR 20-30 million is planned in order to support the business environment.

20. Has an evaluation of SME Policy taken place? if so, please provide the main findings and information on discussions and the authorities' feedback/reactions. If not, are any evaluations planned?

The key SME policies are periodically evaluated and monitored by the Ministry of Economy and the Economic Council to the Prime Minister of Moldova, as well as with the support of national and international business support organizations/institutions. For instance:

- Periodically, Moldova is participating in the SME Policy Index: Eastern Partner Countries assessment (example: <https://www.oecd.org/fr/concurrence/sme-policy-index-eastern-partner-countries-2020-8b45614b-en.htm>) – assessing the implementation of the Small Business Act for Europe, which is a unique benchmarking tool to evaluate and monitor progress in the design and implementation of SME policies against EU and international best practice.
- The Ministry of Economy reports to the Council of Ministers on the strategy implementation. Moldova was one of the first countries in the Eastern Partnership to introduce the regulatory guillotine process and a number of rounds have taken place, starting from a strictly regulated

business environment and having to deal with a complex, inefficient and often corrupted inspection system.

- With the World Bank's support, the Cost of Doing Business Survey is carried out in Moldova. The survey is evaluating the regulatory burden on businesses, including SMEs, and quantifies the cost incurred by businesses to comply with the government regulations on domains, such as taxation, construction, food safety etc. The Survey Reports in English are published on the following web site: <https://uipac.md/eng/cost-of-doing-business>.
- A Final Evaluation of the Results of the Small and Medium Enterprise Sector Development Strategy for 2012-2020 under AA/DCFTA, was finalized in 2021, with the purpose to provide the Government and particularly the Ministry of Economy with a technical and professional assessment of results, achievements, key challenges, and lessons learnt from the implementation of the above mentioned strategy.

As of the main findings, Moldova has advanced in the implementation of its 2012-2020 SME Development Strategy, removing redundant bureaucratic requirements on enterprises, expanding e-government services and implementing programmes to alleviate barriers to doing business. These reforms have been reflected in the 2020 World Bank Doing Business report, which ranks Moldova 48th, up from 63rd in 2015. Moldova performs relatively well in starting a business and registering property indicators. According to the 2019 Global Competitiveness Index, Moldova ranks 86th out of 141 countries. On the financial system pillar, including the financing of SMEs, it is ranked 124th and 93th respectively, thus motivating the government to introduce additional SME financing measures and continue the consolidation of the Credit Guarantee Fund, along with the improvement of the financial policies in the country.

At the same time, if referring particularly to the SME development strategy, the above mentioned evaluation report indicates that a further monitoring process needs to be institutionalized and based on a realistic set of indicators supported by national statistics and ad-hoc surveys.

In the process of developing the National Program for Promotion of Entrepreneurship and Increasing Competitiveness for 2022-2026, will be considered the recommendations of Final Evaluation Report on the implementation of the SME Strategy for 2012-2020, among which:

- Clearer structuring and incorporation of the new programmatic document in various sectoral development policies. Thus, smart specialization and focus on thematic areas, target groups and tools will be considered.
- Inclusion of analysis and studies on deficiencies of support interventions, performed annually, such as analysis of gaps in labor market skills and assessments of the quality of education and training.

- Streamlining financial allocations relative to the share of beneficiaries achieved annually through better-targeted support services and improved monitoring of expenditures.
- Accurate quantification of the financial support from the state budget and development partners allocated to each program.
- Establishing a monitoring and evaluation plan for the whole program period, with a clear set of input, output, result and impact indicators, generating additional data in support of the indicators' system.
- Implementation of reporting, monitoring and evaluation activities by a single body for better data management and results analysis.
- Access to finance will remain a major concern of the new planning document, especially for micro and small enterprises. Measures to ensure access to finance will focus on SMEs that can generate value, particularly SMEs with growth and innovation potential.
- Introduction of targeted support measures to stimulate the integration of SMEs into clusters and value chains with high export and internationalization potential.
- Inclusion of measures on educating the SMEs in the field of the green economy, as well as supporting the development of innovative solutions for fighting climate change.
- Better integration of non-discrimination principles into support measures (ex. through selection criteria) and others.

The findings of the report are considered in the design process of the new SME Policy.

21. Please provide information about what is foreseen for the future regarding SME Policy and what is in the pipeline (plans, blue prints, timetables).

Currently, the new policy document National Program for Promotion of Entrepreneurship and Increasing Competitiveness for 2022-2026 is being developed.

The Programme is developed in correspondence to the Moldovan national aspirations to further strengthen the political and economic relationship with the EU and to develop a vibrant entrepreneurial and innovation framework. The Programme will drive the transformation of national entrepreneurship from demand and opportunity-based to one that is more strategic and forward-looking, based on innovation, smart specialization and regional advantages.

By September 2022, the Programme and the Action Plan for its implementation is expected to be approved by the Government.

According to Government Action Plan there are also more measures being planned, such as:

- Strengthening the Program for Attracting Remittances in the Economy “PARE 1+1”, which is the key tool for supporting and mobilizing financial and human resources of Moldovan migrant workers in sustainable economic development of the Republic of Moldova. Thus, it is being analyzed the revision and extension of financial system of Program “PARE 1+1” in order to involve additional parties. Thus, it is proposed the development of a new concept of the program, as well as the eligibility criteria of the Program, inclusive a new model of cooperation that involves the principle „1+2” or “1+1+1”, which suppose that each MDL invested by entrepreneurs from remittances will be supplemented with another MDL from budget and another MDL from financial institutions/donors. Thereby, it is presumed that the amount of the grant will be increased.
- Establishment of the low-interest loan fund – The Fund of Acceleration and Development of Sustainable Economy (FADSE). This will contribute to the growth and development of Moldovan SMEs by increasing access to affordable financial sources. The FADSE will be a tool for low-interest financing and long term for investment made by SMEs.

Furthermore, it is planned to review also other Programs for supporting SMEs: Program “Women in Business”; Program “Start for Youth – a sustainable business at your home”; Credit Guarantee Fund; Program “Business support with high growth potential and internationalization”; Program “Greening Small and Medium Enterprises”, in order to improve the implementation conditions, but also their extension.

At the same time, by the end of 2022, new Programs to support SMEs with financing component from public sources will be presented to the Government for approval:

- Refurbishment and Energy Efficiency Program;
- Social enterprise support program;
- The “Second Chance” program;
- “Rural tourism start-up” program;
- Program to facilitate the grouping of SMEs in Clusters;
- The Sustainable Economy Development and Acceleration Fund.

22. Is there a specific legal framework for cooperatives, mutualities and foundations? Please explain.

The Civil Code of the Republic of Moldova is the most comprehensive and detailed legislative act in terms of private law in the Republic of Moldova. Having the force of organic law, it regulates the status of people, property, obligations, inheritance and private international law.

In this context, the Civil Code of the Republic of Moldova No. 1107/2002⁴⁶, represents the basic legislative act in which the general provisions regarding the establishment and activity of Cooperatives, Mutual Societies and Foundations are presented.

At the same time, in the national legislation there are a series of normative and legislative acts regarding their organization and functioning:

Cooperatives

The legislation provides for the possibility of creating 3 types of cooperatives, each being governed by a separate law as follows:

- The Law No. 1252/2000⁴⁷ on the consumer cooperation - the purpose of this law is to establish the legal, economic, social and administrative bases for the establishment and activity of the consumer cooperation in the Republic of Moldova.
- The Law No. 73/2001⁴⁸ regarding the entrepreneurial cooperatives - the purpose and object of the law is to establish the legislative framework for the development of the entrepreneurial cooperatives' system. The object of this law is the relations related to the creation, activity, reorganization and liquidation of cooperatives, as well as of associations, and their unions.
- The Law No. 1007/2002⁴⁹ on production cooperatives. A production cooperative is an enterprise set up by 5 or more natural persons for the purpose of jointly carrying out the production activity and other economic activity based mainly on the personal work of its members and on the cooperation of shares in its capital, further referred to as participation quotas.

The co-operative movement in the Republic of Moldova is at a low level of development and scale. According to the latest data available for 2020, all types of

⁴⁶Civil Code of the Republic of Moldova No. 1107/2002, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129081&lang=ro

⁴⁷Law No. 1252/2000 on the consumer cooperation, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=99545&lang=ro

⁴⁸Law No. 73/2001 regarding the entrepreneurial cooperatives, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=110496&lang=ro

⁴⁹Law No. 1007/2002 on production cooperatives, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=110662&lang=ro

cooperatives in the country generated only 0.7% of total sales of companies, employing about 1.3% of the number of employees.

Of all the types of cooperatives, entrepreneurial cooperatives have had a steadier growth in recent years. In order to materialize the intentions to increase the competitiveness of the agricultural sector through association and facilitate market access, starting with 2013, with the adoption of the Law No. 312/2013⁵⁰ on agricultural producer groups and their associations, the government has started a complex process of creating a robust framework for stimulating association of agricultural producers. The cooperative of entrepreneurs is the most advantageous form of legal organization for the formation of a group of producers and has been most often used by agricultural producers.

Mutual societies - on the territory of the Republic of Moldova there is no form of organization as "mutual society", the process of organization and operation of insurers is assured based on the Law No. 407/2006⁵¹ on insurance.

The object of this law is the regulation of the organization and operation of insurers, reinsurers and insurance and/or reinsurance intermediaries, the supervision of their activity.

The Government Decision No. 484/1998⁵² regarding the limits of the insurance expenses of the economic agents and of the physical people who practice the entrepreneurial activity, premises as deductions of expenses related to the entrepreneurial activity for fiscal purposes.

Foundations

These activate based on the Law No. 86/2020⁵³ regarding the non-commercial organizations. This law establishes the principles of formation, registration, development and cessation of the activity of the non-commercial organizations, as well as the procedure for obtaining the status of public utility.

SMEs Business Environment

Creating an environment in which entrepreneurs and SMEs can thrive and entrepreneurship is rewarded:

⁵⁰Law No. 312/2013 on agricultural producer groups and their associations, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=122199&lang=ro

⁵¹Law No. 407/2006 on insurance, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129496&lang=ro

⁵²Government Decision No. 484/1998 regarding the limits of the insurance expenses of the economic agents and of the physical people who practice the entrepreneurial activity, premises as deductions of expenses related to the entrepreneurial activity for fiscal purposes, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=110092&lang=ro

⁵³ Law No. 86/2020 regarding the non-commercial organizations, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129338&lang=ro

23. Is the European Entrepreneurship Competence Framework^[21] known and applied in Moldova?

The European Entrepreneurship Competence Framework is known in the Republic of Moldova from 2020. Since then, a range of activities has been developed: trainings, coaching, webinars etc.

Within EntreComp framework, the following events has been organized: development of learning opportunities, education and training programs; encouraging innovation, the use of digital technologies and new approaches in the development of entrepreneurial skills in different learning environments by developing citizens' creativity; implementing the EntreComp framework for the challenges of the education system and the labour market; creating and development of the active community EntreComp Moldova.

Broadly, EntreComp in Moldova is a dedicated group of practitioners and organizations exploring how to promote and inspire the implementation of EntreComp through strategies and actions in the national and transnational activity of communities. These communities work in a variety of fields: lifelong learning, youth activities, schools, universities, employment organizations, employers, businesses and entrepreneurs, skills development, and lifelong learning.

24. Is entrepreneurship in any way taught as a skill or competence in the formal (primary, secondary, university) education or vocational training system? Where appropriate, please indicate whether these are compulsory or optional subjects in the curriculum.

General education

The educational policy documents of the educational system of the Republic of Moldova treat Economic and Entrepreneurship Education as an integral part of the modern educational concept and practice through the educational ideal formulated in the Education Code No. 152/2014⁵⁴, Art. 6.

The goal of education in the Republic of Moldova is the formation of a proactive personality, capable of self-development, possessing not only the knowledge and skills necessary for employment, but also independence of opinion and action, open to intercultural dialogue in the context of assumed national and universal values. Also, one of the priority goals of the educational system of the Republic of Moldova is the key competences mentioned in Art.11 paragraph h) entrepreneurial skills and initiative.

The flexible offer of the framework plan for all cycles of general education includes the curriculum package developed for the optional subject of Economic

⁵⁴Education Code No. 153/2014, available in Romanian at:
https://www.legis.md/cautare/getResults?doc_id=130514&lang=ro

and Entrepreneurship Education (revised in 2020) and implemented in 240 educational institutions (66 primary, 96 secondary, 78 high schools) by 313 teachers (121 primary, 132 secondary and 60 high school teachers).

The development of partnerships to promote entrepreneurship education in general education was achieved through:

- "Supporting Entrepreneurship Education in Europe and Eurasia" program (2020-2022) implemented by Junior Achievement Moldova in partnership with the Ministry of Education and Research and the Academy of Economic Studies of Moldova, National Centre for Digital Innovations in Education "Class of the Future"⁵⁵;
- Regional Centers of Excellence in Entrepreneurship Education (3 centers opened in 2021 in Drochia, Chisinau, Leova) where pupils can participate in various competitions/events, such as Innovation Camps, Forums, Professionals and Debutants, Entrepreneurship Day, Zonal Olympiad in Economics, etc., teachers have the opportunity to meet, and educational institutions have the opportunity to develop relations between them and the business environment (private companies), the associative environment and public institutions in the region.

According to the 2018 curriculum reform, the compulsory school subject Personal Development (grades I-XII) has been introduced. One of the specific competences is Career Planning, by determining the school and/or professional path, from the perspective of the development of personal potential and labor market opportunities.

To this end, a module is designed for all grades, which focuses on knowing individual potential, informing about careers from a labor market perspective, career planning and career decision-making, developing entrepreneurship as a career option, etc.

During the 6 hours reserved annually for the subject area, teachers organize learning activities aimed at guiding students in their careers and supporting them in the process of career planning, with an emphasis on active involvement through tasks with a pronounced applied character.

Vocational Education and Training (VET)

In order to stimulate initiative and entrepreneurship skills, the "Entrepreneurship Basics" curriculum⁵⁶ was developed and now it is one of the compulsory disciplines for the VET system.

⁵⁵ <https://www.facebook.com/JuniorAchievementMoldova/photos/pcb.3968280776555527/3968272433223028/>

⁵⁶ https://mec.gov.md/sites/default/files/curriculum_ba.pdf

Another discipline is the Exercise Company⁵⁷, which aims to carry out transactions within a virtual enterprise.

Higher Education

Besides programmes in the socio-economic field, which focus more on developing entrepreneurial skills, there are also integrated courses on entrepreneurship in other fields of study, compulsory and optional.

In order to provide correct and strategic guidance in the field of career choice, as well as to advise students on the situation and requirements of the labour market in the Republic of Moldova, Career Guidance Centres/Business Incubators have been created and are functioning in the biggest higher education institutions, 7 centres in total. Such career counselling centres are to be open in all higher education institutions with the functions of establishing/developing relations with economic agents, potential employers, placing graduates in the labour market and monitoring the career advancement of young specialists.

A successful model for promoting and implementing entrepreneurship education are competitions, as part of extracurricular activities. For example:

- The Inter-University Business Plan Competition, organized within the ReSTART project, allows Master students to demonstrate their entrepreneurial skills and initiative. The event is hosted by the State Agrarian University of Moldova and the business plans developed by master students are judged by professors from partner universities in Romania, Bulgaria, Slovakia.

Student competition “Student today – Entrepreneur tomorrow”. Teams from several universities gather together in a common event, aimed at developing entrepreneurial skills, teamwork and creativity. The competition was based on the concept of the entrepreneurial mini-game "The Iron Entrepreneur".

A successful example of mobilizing financial and human resources towards youth entrepreneurship development was the launch of the National Youth Economic Empowerment Programme (NEEAP) in 2008. The launch of the National Youth Economic Empowerment Programme aimed to create about 1000 businesses started by young people aged 18-30 from rural areas by providing loans amounting to MDL 300 thousand for up to 5 years and grants of 40 percent of the investment value.

The Ministry of Education and Research provides ongoing support for the implementation of projects aimed at stimulating initiatives and developing entrepreneurial skills among young people and facilitating their employment. For example, the following projects were financially supported through the 2020 Grants Programme:

⁵⁷ https://mec.gov.md/sites/default/files/curriculum_firma_de_exercitiu.pdf

- "Promotion of economic-entrepreneurial activities among young people" in partnership with the NGO Junior Achievement Moldova. The project had 6000 young people as direct unique beneficiaries.
- "Developing personal skills of young people for a successful career" in partnership with the National Association of Young Managers. The project had 381 young people as unique direct beneficiaries.

At the same time, competitions are organized every year, such as the *Best Business Plan*⁵⁸ and the *National Fair of Exercise Firms*⁵⁹.

25. Regarding university level education on entrepreneurship in Moldova: are there any specific courses and academic titles on entrepreneurship, i.e. can an entrepreneurship degree be obtained as the ultimate objective of the course in question? Is Moldova participating in any wider network in Europe which promotes capacity building of educational institutions in the field of entrepreneurial competitiveness such as EntreComp Europe⁶⁰, EntreComp 360⁶¹ and the European Foundation for Entrepreneurships Research?

The structure of the university curriculum is established by the Framework Plan for Higher Education and the Reference Framework for University Curricula. The curricula for both cycles are continuously refined and approved/coordinated by the Ministry. In the context of curricular autonomy and in accordance with the mentioned documents, the Ministry of Education and Research has recommended higher education institutions to develop and implement an entrepreneurship training course. Currently, this course as a distinctive unit or as a component of a module, is compulsory in the curriculum for specialties in the field of Education Sciences, and optional for other specialties, within the Socio-Humanistic Component, in a total of 12 universities.

Full degrees specializing in entrepreneurship can only be obtained at Master level, which is a specialized cycle, at bachelor level being offered collateral degrees in World economy, Finances and Banking, etc.

Also, doctoral programmes, which are more academic in nature, can offer degrees in entrepreneurship, but can, in return, provide for the scientific result to be transferred into goods/services further on used in or for the business environment.

Furthermore, young entrepreneurs can benefit from different courses and training organized with the support of our external partners.

⁵⁸Order regarding the Best Business Plan, available in Romanian at: https://mecc.gov.md/sites/default/files/regulament_concurs_pa.pdf

⁵⁹Order regarding the National Fair of Exercise Firms, available in Romanian at: https://mecc.gov.md/sites/default/files/regulament_targul_national_al_firmelor_de_exercitiu.pdf

⁶⁰ EntreComp Europe | Welcome to EntreComp Europe a COSME funded project

⁶¹ EntreComp360 - Developing Entrepreneurship Key Competences

26. Outside of the remit of formal education and training, are there any other initiatives to stimulate entrepreneurship (using media, events, local partners, significant initiatives of companies themselves etc.) including women's entrepreneurship, support to immigrants who wish to become entrepreneurs and support for business transfers?

One of the oldest programs implemented by ODIMM, is the National Program GEA - Efficient Business Management. Started in 2009 its main objective is to increase the level of entrepreneurial knowledge and skills of managers and staff in the SME sector, which leads to the implementation of innovative management methods and a stronger culture in business management. Since the implementation, 22 663 individuals, out of which 15 101 women, received free training. Considering the latest applications, the number of women interested in developing their skills in the business area is constantly growing.

To promote the use of information technologies (IT) in different fields but also to strengthen gender equality in the labor market, in 2018 the National Association of ICT Companies (ATIC) launched the project „TECH Women”. This is an initiative dedicated to attracting, supporting and promoting women in the field of Information and Communication Technology (ICT) and creating the conditions for their full participation in the most dynamic and profitable industry of the present and the future. „TECH Women” came to strengthen this potential and to offer women and girls in IT a communication platform to actively participate in the education of the new generations, encouraging entrepreneurship and changing perceptions that currently define the career decisions of young people.

At the same time, within the Center of Excellence „Tekwill”, a series of educational programs for women in the field of ICT were carried out. Thus, in the last 3 years, over 1 000 girls and women have exponentially developed the professional skills and as a result have been qualified in the IT field.

Another large-scale implemented project was the „Startup Academy”, in which 81 girls and women became acquainted with a set of entrepreneurial skills that will help them run a sustainable business.

At the same time, it is important to note also that the Public Association „Tech Women Moldova” was created, which represents an initiative dedicated to attracting, supporting and promoting women in the ICT field. „Tech Women Moldova” helps to create the conditions for their full participation in the most dynamic and profitable industry now and in the future. In this context, during the last 3 years „Tech Women Moldova” has launched several editions of the project „Tech Women Ambassadors”, a project that is dedicated to all girls and women who want to represent the IT industry and actively support inclusion and cognitive intelligence through technology.

Additionally, with the support of external development partners, Women Hub was created, which represents a particular space to support girls and women in developing a career in the IT field.

In the context of the COVID-19 pandemic, ODIMM has come up with a first reaction instrument to the crisis, which aims to support the transfer of technology and digital development of SMEs to harness their innovative potential, including facilitating the access to internal and external markets. The SAME Digitization Support Tool was approved by the Ministry of Economy in 2020 and since then almost 280 applications were received, out of them 169 were from women entrepreneurs.

ODIMM has a leading role in strengthening women participation in the economy. In 2016 the National Program “Women in Business” has started. The program is intended exclusively for women entrepreneurs and aims to support women who plan to start or expand their businesses, especially in rural areas. The idea behind the Program stems from the necessity of increasing the role of women in society and in business, raising awareness about their rights and opportunities, supporting the growth of female’s potential in the entrepreneurial and managerial field in the Republic of Moldova.

Start up for Youth, is a program that started in 2018 and aims to integrate young people (age 18-35) from the Republic of Moldova into the economic circuit by facilitating the launch and development of sustainable businesses. Since the program started, 240 investment projects were approved for financing, out of which 113 are enterprises administered by women.

Also, in order to mobilize the human and financial potential of the diaspora, Diaspora Relations Office within the State Chancellery is in charge of implementing DAR 1 + 3 Program, approved by Government Decision No. 801/2018⁶². The target group of the program are: diaspora associations, native associations, initiative groups of citizens settled abroad or returned, local public authorities. The financing of the projects is carried out on the basis of the “1 + 3” partnership, and the financial contribution of the diaspora is supplemented by the Government jointly with the local public authorities and the development partners / donors.

Another Program aiming at mobilizing the human and financial resources of people who have voluntarily gone abroad to work is PARE 1+1 (approved by Government Decision No. 972/2010⁶³) and it is implemented by ODIMM. The target group of the program are: a) migrant workers from the Republic of Moldova, gone abroad in order to carry out work, who can confirm through supporting documents that the financial means they hold come from remittances; b) the spouse

⁶²Government Decision No. 801/2018 on the approval and implementation of the Program DAR 1 + 3, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=110057&lang=ro

⁶³Government Decision No. 972/2010 on the Program for Attracting Remittances in the Economy “PARE 1+1”, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129478&lang=ro

and first-degree relatives of the migrant workers. The applicant, as a migrant worker, spouse or first-degree relative, may receive a one-time grant under the Program. The grant will be awarded on the basis of the "1 + 1 Rule", which means that each MDL invested from remittances will be supplemented with one MDL from the Program.

27. Please describe the business incubators strategy and progress achieved so far.

The Business Incubator is an organization designed to support both the successful start-up of businesses and their future development. In most cases, the incubator provides the physical infrastructure needed to run the business, business consulting services tailored to the specifics of each company and opportunities for networking.

In 2009, Organization for the Development of the Small and Medium Enterprises Sector (ODIMM), with the support of donor-institution, created the first business Incubator in Soroca. During 2011-2017, ODIMM, in partnership with the Ministry of Economy, local public administration, with the financial support of the European Union, based on the Policy Matrix established by the Addendum to the Budget Support Program "Economic Stimulation in Rural Areas", created a network of Business Incubators in the following districts: Ștefan Vodă, Leova, Rezina, Sîngerei, Dubăsari (Coșnița village), Ceadr-Lunga, Nisporeni, Cimișlia, Călărași and Cahul.

ODIMM is the authority responsible for organizing the process of renovation of buildings provided by local public authorities and the legal registration of the Business Incubator, which are independent legal structures set up by local public authorities in the form of Public Institutions. ODIMM is also actively involved in the selection process of the manager and potential residents.

Over the years, several business development measures and tools that contribute to the development of the business environment in the region have been developed within the Business Incubators.

During 2013-2022, the following services were enacted: development of the consulting center, creating an accelerator, creation of a continuing education center, development of the mentoring service, elaboration of the creation and administration manual of the Business Incubator, creation of the entrepreneurial library.

Offering early warning services for companies to avoid insolvency and ensuring that honest entrepreneurs who have faced bankruptcy get a second chance:

28. Are there any advisory/mentoring services for companies in financial difficulties to help them identify problems and implement the rectifying measures to prevent their insolvency?

The ODIMM's official website provides entrepreneurs with an online valuation tool for the Company, which, based on the evaluation results, is presented in the form of a diagram, score sheet and a database of business development service providers to improve the business profile www.odimm.md/ro/suport-in-afaceri/fec.

It is worth mentioning that during 2018-2021, ODIMM, within the DANUBE CHANCE 2.0 program, carried out a series of activities whose main objective was to develop and test a national early warning mechanism.

Hence, ODIMM has developed a series of tools necessary for the provision of consulting / mentoring services for companies in financial difficulties, such as:

- created a model of early warning and stress management mechanism (EWM) with the set of instructions related to the implementation by the consultants;
- initiated trainings for 17 ODIMM consultants on: early warning mechanism; business evaluation and diagnosis; the main indicators of the economic-financial analysis; primary consultation on hazard management; communication techniques with entrepreneurs in a critical situation; the profile and responsibilities of an early warning consultant;
- initiated the recruitment of EWM mentors;
- tested the EWM service.

By the end of 2022, the Government plans to approve the "Second Chance" Program, which will provide the regulatory framework and financial support for the implementation of the EWM as well as financial support for companies in difficulty.

It is important to specify that for the implementation of the Program are planned the allocation from the state budget about 45 million lei according to the Medium Term Budget Framework, for the period 2022-2024.

29. Are there any measures that discriminate against entrepreneurs who have undergone bankruptcy in a previous venture? If so, in which areas (access to public procurement, access to bank loans, access to public funds, access to public support programmes)?

There are no measures that discriminate against entrepreneurs who have undergone bankruptcy in a previous venture.

30. Do prohibitions or limitations apply to bankrupt entrepreneurs after the bankruptcy procedure has been finalised? If so, which ones and for how long?

There are no prohibitions or limitations apply to bankrupt entrepreneurs after the bankruptcy proceedings are completed.

However, if debtor has if found to have contributed through fault or negligence to the occurrence of his own insolvency, the guilty person may be deprived, by a decision of the insolvency court regarding the termination of the proceedings, of the right:

- to be elected or appointed to a public office or to continue to hold such a position;
- to act in insolvency proceedings as administrator / liquidator;
- to be a member of a management or control body in a company or savings and loan association.

According to the provisions of Art. 227 of Law No. 149/2012⁶⁴ on insolvency, the insolvency court applies disqualifications if a person was a director, a member of the management committee of a company that became insolvent during the period in which he exercises this function or within a period of 6 months after the cessation of exercising this functions. The minimum disqualification period is 12 months and the maximum is 5 years.

The effects of the disqualification shall cease automatically on the date of expiry of the period of disqualification set out in the disqualification decision. The provisions of this article shall apply accordingly to the citizens of the Republic of Moldova as well as to foreign nationals and stateless persons according to their legal status on the territory of the Republic of Moldova.

31. Are there any policies and programmes in place to promote a fresh start for non-fraudulent entrepreneurs who have gone bankrupt?

Aiming to have in place practical solutions to improve the entrepreneurial culture in order to avoid losing entrepreneurial potential after business have gone

⁶⁴Law No. 149/2012 on insolvency, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130929&lang=ro

bankrupt, the Organization for the Development of Small and Medium Enterprise Sector in collaboration with foreign experts developed the draft of a Government program called “Second Chance”, which aligns with the provisions of EU Directive 2019/1023 of 20 June 2019, Article 3, “*ensuring that debtors have access to one or more clear early warning tools and to enable the detection of circumstances which could give rise to a likelihood of insolvency and which may signal to them the need to act without delay.*”

Thus, according to the draft Program, it will include 3 components and important intervention actions:

- Diagnosis and assessment of eligibility criteria;
- Mentoring and business counseling;
- Financial support mechanism.

The draft program envisages appropriate financial support and advice measures to identify business problems, causal factors and implement corrective actions so that entrepreneurs can overcome difficulties, revitalize and eventually become more resilient to the crisis. The Program will be presented to the Government and is planned to be approved by the end of 2022.

However, there are two main reorganization procedures under the Insolvency Law No. 149/2012.

The first is the accelerated restructuring procedure which aims at preserving the debtor’s business as a going concern, maintaining employment and outstanding claims by application of a restructuring plan (Art. 218). In this procedure, the debtor is limited to negotiating an extra-judicial restructuring plan with its creditors that is subject to final approval and confirmation by the court.

The second is the restructuring procedure which is designed to help a debtor avoid insolvent liquidation. This involves the drafting, approval, implementation and observance of a comprehensive plan of measures for the financial and economic rehabilitation of the debtor, as well as the repayment of its debts in accordance with a restructuring plan (Art. 182).

Accelerated restructuring procedure: This procedure can only be initiated by a debtor in financial distress. The petition must include the information stipulated in Art. 16 of the Insolvency Law and must be accompanied by: the documents referred to in Art. 17; proof that the classes of creditors affected by the plan have accepted the plan pursuant to the conditions set out by Art. 202 (3); proof that creditors who are not affected by the plan are to be paid in the ordinary course of the debtor’s business; and a draft plan of the accelerated restructuring procedure, indicating the classes of creditors that are affected by the plan.

Restructuring procedure: There is one gateway into general insolvency proceedings, which can result either in restructuring or liquidation of the debtor’s business. General insolvency proceedings can be initiated by either the debtor or

any of its creditors, including the Moldovan tax authority, where the debtor is either cash flow insolvent or balance sheet insolvent (Art. 10 and 12). However, only the debtor can initiate the procedure where a threat of insolvency exists (the likely impossibility of paying in full the claims of any creditors at their maturity) or where, in the case of the liquidation of the debtor, it is clear that the debtor will be unable to fully satisfy the claims of its creditors. To start the insolvency proceedings, the interested person (the debtor, creditor or Moldovan tax authority) shall submit the insolvency petition to the competent insolvency court.

32. Is there any target time to complete all legal procedures to wind up the business in the case of a non-fraudulent bankruptcy? What is the average time of discharge from debts? Is it a complete or a partial discharge?

Even if the Legislation of the Republic of Moldova does not provide a target time for the completion of all legal procedures for liquidating business in case of non-fraud bankruptcy, it still provides deadlines for the completion of specific sub-procedures in the liquidation process.

For example: the proper notification of the liquidated company's creditors must be made public by being published only once in the Official Gazette of Moldova and must be served individually to all known creditors within 15 days after the internal decision on the liquidation of the company was taken. within . term granted to creditors for raising their claims is set to two months (or a maximum of four months, upon the decision of the corporate body of the liquidated company). After the expiry of the term granted to creditors for raising their claims against liquidation and no later than 15 calendar days as of the date of the expiry of that term, the liquidator of the liquidated company has to draft the provisional liquidation balance sheet containing provisional information with regard to the assets of the company and the claims raised by the creditors.

In practice, depending on how quickly the founders / liquidators act and the specific issues they may face during the liquidation (e.g., labor issues, tax issues, etc.), it should be possible to liquidate a company within 4 months from the moment the founder (s) makes the corporate decision on liquidation, but the law does not provide for a longer time limit for the completion of all legal proceedings. However, according to Doing Business 2020 the average time required to resolve insolvency is 2.8 years, and the related costs amount to 15% of the properties.

33. Have the effects of the legislation on the business environment, in particular for small enterprises, been evaluated? If not, is there any plan to launch such an evaluation?

The effects of the legislation on the business environment, including on the small enterprises are periodically evaluated , through the following procedures:

- Moldova is participating in the SME Policy Index: Eastern Partner Countries assessment⁶⁵ – that assess the implementation of the Small Business Act for Europe, which is a unique benchmarking tool to evaluate and monitor progress in the design and implementation of SME policies against EU and international best practice.
- Annually, the Ministry of Economy reports to the Council of Ministers on the strategy implementation. Moldova was one of the first countries in the Eastern Partnership to introduce the regulatory guillotine process and a number of rounds have taken place, starting from a strictly regulated business environment and having to deal with a complex, inefficient and often corrupted inspection system.
- Annually, with the World Bank's support, The Cost of Doing Business Survey was carried out in Moldova. The survey evaluates the regulatory burden on businesses, including SMEs, and provides quantitative data on cost incurred by businesses to comply with government regulation on taxation, construction, food safety etc. The Survey Reports in English are published on the following web site: <https://uipac.md/eng/cost-of-doing-business>.
- Evaluations of effects of specific regulations on business environment or on specific sector/ activity are carried out when amendments to that regulations are proposed, within the process of Regulatory Impact Assessment (as envisaged in the policy framework). Thus, annually, around 100 Regulatory Impact Assessments are drafted and scrutinized, with the participation of the independent RIA Unit, called the Working Group on regulation of business activity. The authors of amendments are supposed to present some evidence on the effectiveness and efficiency of concerned regulation, which is part of justification for the proposed amendments. This provides for a valuable opportunity to streamline and improve the regulatory framework.
- Consequently, discussions and working meetings on the effects of the existing regulations on businesses, including SMEs, are carried out within the platform of the Economic Council to the Prime Minister of Moldova⁶⁶. Based on the discussions, studies, conclusions and recommendations, the

⁶⁵ Example: <https://www.oecd.org/fr/concurrence/sme-policy-index-eastern-partner-countries-2020-8b45614b-en.htm>

⁶⁶ <https://consecon.gov.md/en/>

evaluations, amendments/improvements are proposed and submitted to the responsible entities.

- Furthermore, in accordance with the Law No. 100/2017⁶⁷ on normative acts, the implementation of the provisions of regulations are monitored in order to assess the degree of their application and execution, determine the extent to which the objectives of the act have been achieved, identify unforeseen or negative consequences, as well as to elaborate recommendations regarding the way of remedying the negative consequences. The monitoring of the implementation of the provisions of the normative act is carried out by the institution responsible for its implementation at the latest after 2 years from the date of entry into force of the respective act.

34. What procedures are in place to assess the impact of new legislation on business? Please elaborate on the assessment of the informal economy amongst micro SMEs and are any measures envisaged to tackle this issue, if significant?

According to the Law on Normative Acts (Law No. 100/2017), the application of Regulatory Impact Assessment (RIA) for business-related legislation should be applied across the public administration and policy documents. The institution coordinating the RIA application is the State Chancellery, through an RIA secretariat, while the RIA methodology has been reviewed in 2019 (Government Decision No. 23/2019⁶⁸) and brought in line with EU standards (Better Regulation Guidelines, Commission Staff Working Document SWD (2021) 305). More than 90% of business regulations initiated by the Government were accompanied by Impact assessment, and around 100 RIAs and the same number of draft regulations are being scrutinized annually by the Central RIA Unit (Working Group on regulation of entrepreneurial activity).

Consequently, the Working Group on regulation of entrepreneurial activity and its RIA Secretariat are regulated by Government Decision No. 1429/2008⁶⁹, and hosted by the State Chancellery.

The composition of the Working Group is based on the parity of the public-private partnership principle, 10 members being delegated from public institutions (policymakers) and 10 from the business associations, excluding the head of the group, who is a deputy general secretary of the Government.

⁶⁷Law No. 100/2017 on normative acts, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=105607&lang=ro

⁶⁸Government Decision No. 23/2019 on the approval of the Impact Assessment Methodology in the process of substantiating the draft normative acts, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=119960&lang=ro

⁶⁹Government Decision No. 1429/2008 on reviewing and optimizing the regulatory framework regulation of entrepreneurial activity, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=115427&lang=ro

To permanently monitor the effects of legislation on businesses, the public authorities/ institutions and donor-funded initiatives constantly assess the informal economy⁷⁰ and based on findings come with actions and improvements to tackle it amongst SMEs. Currently, in assessing the informal economy the National Bureau of Statistics uses both direct and indirect methods:

- For the direct method is used a well-developed questionnaire⁷¹.
- The indirect approach implies the measurement of informal economy based on statistical estimates or running econometric models. The indirect methods include: quantification of informal economy by analyzing the volume of money in circulation (usually monetary aggregate M0 is used) or by reviewing electricity use, or measuring unobserved economy based on some more complex models, such as MIMIC (Multiple Indicator Multiple Cause Model), which implies taking into consideration a number of influence factors. One of the main drawbacks of the indirect methods is the fact that these are built on assumptions, reflecting the reality only to a certain extent, which may lead to underestimation or overestimation of the unobserved economy.

Based on the assessments, since 2011 the government has committed to fighting informality, and launched several action plans and activities to tackle the informal economy. The measures refer to (1) Discouraging cash transactions; (2) Mitigation of compliance costs; (3) Increasing the costs of non-compliance; (4) Increasing population tax morality.

At the same time, beginning with 2017, within the platform of the Economic Council to the Prime Minister of Moldova, was established a permanent working group – "Group No. 4 – Curb the phenomenon of grey salaries and informal employment"⁷². The Working Group is exploring the benefits and costs of various actions, and is finding a balanced menu of solutions to reduce informal employment, without significantly affecting the business activity and the national budget. The Group is chaired by the Executive director of the National Confederation of Employers. Additionally, the Economic Council includes the Council on SMEs, which currently develops a SMEs Roadmap with measures meant to considerably reduce the regulatory and tax burden on businesses. Numerous measures are being discussed within these platforms which are going to contribute to formalization of businesses, in particular SMEs.

⁷⁰https://www.md.undp.org/content/moldova/en/home/library/inclusive_growth/fenomenul-economiei-i-ocuparii-informale-in-contextul-pandemiei-c.html

⁷¹https://statbank.statistica.md/PxWeb/Resources/PX/Databases/40%20Statistica%20economica/13%20CNT/S/CN2008/CNT010/Resurse/Conturi_nationale.pdf

⁷² <https://consecon.gov.md/en/grupurile-de-lucru/>

35. What measures has Moldova taken in order to adopt user-friendly administrative documents?

Moldova has an established practice of consultations with the public and private enterprise sectors. According to the Law on Transparency in the Decision-Making Process (Law No. 239/2008⁷³), public consultations are mandatory for each legislative and regulatory act that has a social, economic or environmental impact. For this purpose, the government has established a central dedicated website (www.particip.gov.md).

Meetings regularly take place between SME policy institutions and private sector organizations.

At the same time, the Economic Council to the Prime Minister of Moldova established working groups to explore various administrative documents and policies (Government Decision No. 631/2011⁷⁴).

A number of measures are also being taken to boost the digitalization of the national economy.

36. Are there any rules in place, which allow for SMEs to be exempted from certain regulatory obligations? Is Moldova considering any measures to allow for such exemption?

The Government of Moldova has introduced a simplified tax regime for sole proprietors and small companies, complemented by low tax rates for microenterprises. Enterprises with a turnover below MDL 600 000 (~ EUR 30 000) are subject to a presumptive tax regime and a tax rate equal to 1% of their turnover, but not less than MDL 3 000 (~ EUR 150). Cash accounting can be applied only to sole proprietors. SMEs with a turnover below MDL 1 200 000 (~ EUR 60 000) are subject to a tax equal to 4% of the operational income.

At the same time, the Republic of Moldova provides fiscal stimulation in the country's seven free economic zones and the IT sector, consisting primarily of tax exemptions for resident companies and their employees. Specifically, the IT Park grants residents a 7 % single tax on revenue (but not less than the equivalent of EUR 150 per employee).

⁷³ Law No. 239/2008 on Transparency in the Decision-Making Process, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=106638&lang=ro

⁷⁴ Government Decision No. 631/2011 on the Economic Council to the Prime Minister of Moldova, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=116620&lang=ro

As of the Law No. 179/2016⁷⁵ on small and medium enterprises, any state control of small and medium-sized enterprises, during the first 3 years from their registration, should be of advisory nature, except the cases of criminal offences.

According to the Government's Action Plan, by the end of 2022, the approval of draft laws is expected, that will come with regulations for small and micro enterprises on simplified tax and reporting mechanisms, as well as simplifying labour relations and reporting on this dimension.

37. How many organisations representing SMEs exist at national level? List the main organisations and provide information on their coverage. Is their participation in the policymaking process established? Is it formalised by law or any other means? Please mention a practice in this area (e.g. quote a consultative body/advisory council etc.).

The Economic Council to the Prime Minister was established as an advisory body by the Government Decision No. 631/2011. The Council was assigned the mission to facilitate the dialogue between the representatives of the business environment, donors community and policy makers so as to develop a favorable social-economic climate and non-discriminatory, transparent business environment, which would be attractive for investment. The main mission consists in identifying key issues, concerns and needs of small and medium enterprises in Moldova. The Council was granted the following mandate: provision of expertise to the Government from the business community in drafting public policies in economic, budgetary, fiscal, trade areas, etc.; monitoring and evaluating the impact of public policies implementation; engagement of the private sector in developing public decisions in economic, budgetary, fiscal, trade areas; identification of key problems, concerns and needs of small and medium-sized enterprises in the Republic of Moldova; presentation of the opinion of the business community to the Ministry of Economy on the problems and interests of small and medium-sized enterprises etc.

The members of the Council are appointed by the prime minister from among representatives of the business environment, business associations, scientific community, international organizations active in the field of business environment reforms and state institutions. The composition of the council is approved by the decision of the Prime Minister, after confirming the availability of persons invited. Currently, the Council consists of 56 associative structures of the business community, 47 representatives of state institutions, 19 representatives of the research community and international organizations, active in the area of regulatory reform. For the direct list of Council members please follow the link: <https://consecon.gov.md/en/2021/08/10/members/> .

⁷⁵ Law No. 179/2016 on small and medium enterprises, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=131008&lang=ro

At the national level, the most prominent representatives in these terms are the following:

- The Chamber of Commerce and Industry of the Republic of Moldova is the business association that is authorized by law to publish the Non-State Business Register of its members, which is an online platform that allows the promotion of CCI members in the country and abroad;
- The National Confederation of Employers of the Republic of Moldova (CNPM), is an organization that represents the business community and defends the legitimate interests of its members in relationships with public authorities, trade unions and other legal entities. Currently, CNPM brings together 25 members, among which 15 employers federations and associations and 10 enterprises operating in the key sectors of the national economy. Overall, they represent about 3000 enterprises.
- The American Chamber of Commerce in Moldova is a non-governmental non-profit organization comprising 146 members from a diverse spectrum of businesses; from large foreign investors to small enterprises, that operate domestically and abroad;
- The European Business Association Moldova is an impact organization, aimed at aligning the national economy and business legislation to the EU standards, and promote European values and best business management practices in the Moldovan entrepreneurial community;
- The Foreign Investors Association (FIA) is a non-profit and non-political association from the Republic of Moldova founded with the support of the OECD, within the framework of a project that aimed to stimulate the reforms and the improvement of the business environment in the Southeastern European countries etc.
- The Alliance of Small and Medium-sized Enterprises from Moldova is a non governmental, membership-based business association;

As per the Law No. 100/2017⁷⁶ on normative acts and the Law No. 239/2008⁷⁷ on transparency in the decision-making process, public consultations are mandatory for each legislative and regulatory act that has a social, economic, or environmental impact, the draft documents being also circulated to the main support organizations, based on the profile and responsibilities.

⁷⁶ Law No. 100/2017 on normative acts, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=105607&lang=ro

⁷⁷ Law No. 239/2008 on transparency in the decision-making process, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=106638&lang=ro

38. Please provide the total number of procedures and minimum time and costs (in euro) required to effectively register a new company and fulfill all formal requirements to effectively start a business. Please distinguish between registration in the narrow sense and other formal procedures and licensing/permits. Describe which administrations are responsible for the different steps, both at central and local level.

The Republic of Moldova has a favorable legal framework for the business environment and investment climate for social and economic development. The registration of a business shall be carried out according to the one-stop shop at the state registry (hereinafter referred to as one-stop shop). This involves the mechanism by which the state registration body grants, through a single point of reception, consultations on the legal formalities related to the establishment and registration of the legal entity and the individual entrepreneur, carries out the verification of the name of the legal entity, preparation of the founding documents, state registration, publication of information in the electronic bulletin, as well as obtains the information necessary for registration through electronic networks from public authorities, without the involvement of the registrant, and presents the information from the State Register of Legal Entities and the State Register of Individual Entrepreneurs to public authorities for fiscal, statistical, medical and social record keeping.

According to Art. 7 of Law No. 220/2007⁷⁸ on state registration of legal entities and individual entrepreneurs, for state registration of the legal entity, the following documents are submitted:

- Application for registration, signed by the founder appointed by the Decision on incorporation or, as the case may be, signed by another person empowered by the Decision on incorporation. The model of the application for registration, together with the instructions for filling out the application, shall be approved by the state registration body and published on its official website. If the legal entity shall intend to carry out activity in a regulated field, the application for registration shall contain a declaration on its own responsibility concerning the possession of the prior opinion/approval of the competent authority on its incorporation;
- Decision on incorporation and the instruments of incorporation of the legal entity, depending on the legal form of organization, approved by all founding shareholders;

⁷⁸Law No. 220/2007 on state registration of legal entities and individual entrepreneurs, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=131041&lang=ro

- Opinion of the National Commission of Financial Market – for insurance companies, non-state pension funds and, in cases established by legislation, for non-bank lending organizations;
- Document confirming payment of registration fee;
- Information about the beneficial owner(s), in accordance with Law No. 308/2017⁷⁹ on preventing and combating money laundering and terrorism financing.

If, for the registration of the legal entity, the law provides for the holding of an opinion or prior approval from the competent public authority, the state registration body verifies the holding of the opinion or approval by exchanging data in automated mode with the respective issuing authority.

The processing of the application for registration by the state registration body takes place after the applicant has paid the registration fee. The state registration body considers the registration fee paid from the moment of its payment, a fact communicated by the governmental electronic payment service through a notification regarding the complete payment.

According to Art. 5 para. (2) of the Law No. 220/2007, the state registration of legal entities, their branches, as well as individual entrepreneurs, is carried out on a working day within 24 hours, which is calculated from the working day immediately following the one on which the documents necessary for registration were submitted.

The fee for state registration is established in Art. 4 of Law No. 220/2007. State registration of legal entities and individual entrepreneurs, registration of changes in the instruments of incorporation and in the data entered in the State Register, and the provision of services is carried out according to the fees provided in the Annex, an integral part of this law (1149 lei MDL (~57€) for legal entities, 364 lei MDL (~18€) for individual entrepreneurs), which is paid through the governmental electronic payment service or by transfer. For the state registration of legal entities, their branches, and individual entrepreneurs, as well as for the registration of changes in the instruments of incorporation and in the data entered in the State Register, carried out at the request of the applicant in an emergency regime within 4 hours, the fees are fourfold (4596 lei MDL (~229€) for legal entities, 1456 lei MDL (~72€) for individual entrepreneurs).

According to Art. 11 and Art. 28 of Law No. 220/2007, the Registrar checks whether the applications and documents submitted for registration comply with the requirements established by law, obtains the opinions and information necessary for registration from public authorities through electronic networks and, within 24 hours (according to Art. 5), adopts the registration decision or the reasoned

⁷⁹Law No. 308/2017 on preventing and combating money laundering and terrorism financing, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=125309&lang=ro

decision rejecting the registration. Within the procedure of state registration, the state registration body will carry out the process of registration of the legal entity for tax, statistical, medical and social record keeping by transmitting, in an electronic format, the data on its registration provided for in Art. 33 para. (1) to the authorities concerned, and issuing the respective notification to the legal person / individual entrepreneur.

Based on Art. 37 of Law No. 220/2007, the state registration body cooperates with public authorities and institutions, with other entities, concluding cooperation agreements on the exchange of information and establishing common procedures of activity, mainly online, in order to fulfill the duties established by law. The state registration body shall submit, on paper or in electronic form, to the National Social Insurance Fund, the National Health Insurance Company, the National Bureau of Statistics, the Competition Council and the State Tax Service the information from the State Register on the registration, reorganization or liquidation of the legal entity or individual entrepreneur, as well as on the changes in their instruments of incorporation, within 3 working days from the date of registration. Access to the information in the registers shall be ensured under the legislation in force on data exchange and interoperability.

Moreover, according to Art. 34 of the Civil Code No. 1107/2002⁸⁰, the individual has the right to practice entrepreneurial activity in his/her own name and on his/her own from the moment of state registration as an individual entrepreneur or in another way prescribed by law. The individual has the right to practice professional activity in his/her own name and on his/her own from the moment of meeting the conditions established by law. The person who practices entrepreneurial or professional activity without meeting the conditions established by law cannot invoke the lack of professional quality. The rules governing the activity of legal entities with a profit purpose apply to the entrepreneurial activity carried out without the establishment of a legal entity if the law or the essence of legal relations does not provide otherwise.

According to Art. 35 of Law No. 220/2007⁸¹ on state registration of legal entities and individual entrepreneurs, state registration of legal entities, their branches, and individual entrepreneurs, unless other legislative acts provide otherwise, is carried out by the Public Services Agency through its territorial structures. According to Art. 32 of the same law, the State Register is kept by the state registration body.

According to Art. 176 of the Civil Code No. 1107/2002, the capacity of the legal entity to conduct activities is acquired on the date of state registration and ceases on the date of its deletion from the Register. The legal person operating for profit may carry out any activity not prohibited by law, even if it is not provided for in the articles of incorporation. Certain types of activities, the list of which is

⁸⁰Civil Code No. 1107/2002, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=129081&lang=ro

⁸¹Law No. 220/2007 on state registration of legal entities and individual entrepreneurs, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=131041&lang=ro

established by law, can be practiced only on the basis of a special permit (license). The right of the legal person to practice the activity for which a license is required arises at the moment of obtaining it or at the time indicated in the license and ceases with the expiration, suspension or withdrawal of the license unless otherwise provided by law.

39. Can all or part of the process be undertaken through a single one stop shop? Please specify which steps have been unified and can be made through a single one stop shop.

The Law No. 220/2007 on state registration of legal persons and individual entrepreneurs defines the notion and operating principles for "one-stop shop for state registration" as follows:

One-stop shop for state registration - mechanism by which the state registration body grants to the parties involved in the entrepreneurial activity, through a single reception point, consultations on the legal formalities regarding the establishment and registration of the legal person and the individual entrepreneur, verification of the name of the legal person, preparation of incorporation documents, state registration, publication of information in the Electronic Bulletin, as well as obtaining information necessary for registration through electronic networks from public authorities, without the involvement of the registrant, and presents information from the State Register of Legal Entities and the Register of individual entrepreneurs to public authorities for fiscal, statistical, medical and social record-keeping.

40. Can all or part of the process be undertaken through on-line procedures? Please specify which steps, if any, can be made through direct on-line procedures.

According to Art. 8 of Law No. 220/2007⁸², the documents for state registration can be submitted, in Romanian language.

- submitted online to the state registration body in the form of electronic documents signed with advanced qualified electronic signature, issued under the Law No. 91/2014⁸³ on the electronic signature and the electronic document and its subsequent normative acts;
- filed at the headquarters of the state registration body on paper;
- sent via post to the state registration body on paper.

⁸²Law No. 220/2007 on state registration of legal entities and individual entrepreneurs, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=131041&lang=ro

⁸³Law No. 91/2014 on the electronic signature and the electronic document, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129127&lang=ro

The applicant may submit copies of the required paper documents scanned in electronic format for attachment to the application. In this case, the respective copies shall be authenticated by the applicant by applying the qualified advanced electronic signature, issued under Law No. 91/2014.

If, in cases established by the state registration body or at the request of the applicant, the information necessary for registration can be obtained through official electronic information systems, the respective document is not required from the founder. According to Art. 13 of Law No. 91/2014, the electronic document signed with advanced qualified electronic signature has the same legal power as the analogue document on paper, signed by hand.

For obtaining a permissive act, the applicant has several options, which are as follows: submission of applications through the public services portal (www.servicii.gov.md); submission of applications through the territorial subdivisions of the Public Services Agency (a network of 39 multifunctional centers located in all district centers of the Republic of Moldova); submission of applications to the headquarters of the public authority responsible for issuing the permissive act. The permissive act shall be issued within a maximum of 10 working days, if the law governing the respective field does not provide for another term or if the international treaties to which the Republic of Moldova is a party do not provide otherwise. If the issuing authority has not responded within the time limit to the request, tacit approval shall be deemed to exist on expiry of the 10-day period.

In July 2018 was launched the Mechanism for Managing and Issuing Permits (MMIP), a digital one stop shop platform (OSS) for permissive documents. The need for an integrated information system for managing permitting documents was driven by loaded processes which posed a significant burden on businesses and public authorities.

With the implementation of the MMIP electronic platform the processes of issuing permitting documents were standardized and there is a mechanism in place which has to ensure the transparency and supervision of the permits' issuing procedures. The goal was to introduce a single national information system and one-stop-shop to manage submission of notifications, issuing authorizations, licenses and various types of certificates, which are referenced as permitting documents in context of this document.

Currently, through this digital platform it is possible to request and issue 131 permissive documents (out of total 152 existing permissive acts) fully configured in the OSS and are accessible through the www.servicii.gov.md portal to the general public.

Since the launch of the MMIP platform, out of all submitted applications 44,8% were submitted online. Average online application rate through MMIP was 56.4% in 2020 and increased considerably compared to 30% in 2019. In order to increase the degree of online submission of requests for permits, in July 2020 the Law No.

160/2011⁸⁴ on the regulation by authorization of entrepreneurial activity was amended, introducing the obligation of a unique QR code issued by the information system for each permissive act. This change took effect in February 2021.

41. Is there obligatory membership of Chambers of Commerce in Moldova? If yes, what is the membership fee?

The membership of the Chambers of Commerce is not mandatory.

According to the provisions of Art. 9 para. (2) of the Law No. 393/1999⁸⁵ of the Chamber of Commerce and Industry, on voluntary principles, the members of the Chamber can be micro, small and medium-sized enterprises, natural persons registered in the Republic of Moldova as subjects of entrepreneurial activity, agricultural producers, agricultural businesses, forest beneficiaries and other persons.

42. Are there any policies in place to reduce the obligation of micro-businesses to participate in statistical surveys? Is there an option for online reporting of enterprise statistics? Are there linkages between the public administration databases (e.g. company registration office/business register), tax administration, social security, labour administration) to avoid/reduce SMEs repetitive submission of (the same) information?

The Quality policy of the National Bureau of Statistics (NBS) – the central authority for official statistics, stipulates that “In the process of statistical production, NBS follows European and international standards and best practices. Production process is supported by robust methodology, relevant statistical procedures, *monitoring and reducing the excessive burden on respondents and respecting the principle of cost-efficiency*”.

In line with the Quality policy, NBS has developed a draft Road Map for the reduction of the response burden on respondents which provides the following actions:

- Expanding the use of administrative and alternative data sources to produce statistical indicators and improve their quality. There are already some activities put in place within this action:
 - Negotiations with Administrative Data owners to get access to the data and signing of bilateral Agreements,

⁸⁴Law No. 160/2011 on the regulation by authorization of entrepreneurial activity, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130211&lang=ro

⁸⁵Law No. 393/1999 of the Chamber of Commerce and Industry, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130522&lang=ro

- During 2022 NBS will undertake the calculation of experimental statistics based on admin data received from the Tax Authority for estimation of Wages and Salaries Statistics, which are planned to replace the statistical survey.
- Consulting the main users and respondents on reducing the statistical burden,
 - NBS had consultations with business representatives (National Confederation of Employers of the Republic of Moldova; European Business Association; American Chamber of Commerce; Accounting News platform etc.) to collect their proposals for reducing the number of indicators.
 - Also, there is a permanent cooperation with key users, in particular public administration bodies to exclude statistics that become obsolete and irrelevant.
- Reducing the burden on micro enterprises (with less than 3 persons employed and turnover not exceeding 1% percent of all turnovers by division according to the Classification of Activities in the Economy of Moldova (CAEM Rev. 2)) participate in no more than 5 statistical surveys a year. Also, the enterprises with less than 3 employees will not be included in short-term (intranatural) statistical surveys.
- Reducing the amount of time and data to fill in the questionnaires
 - There is already an option in place for online reporting of enterprise statistics for 27 statistical questionnaires.
 - Reduction of the number of surveyed respondents, by increasing the exhaustivity threshold for sample surveys from 20 to 50 employees.

Aiming for continuous reduction of the average time needed by one respondent for statistical data preparation and filling in all statistical questionnaires. NBS already started the collection of information related to the time spent by businesses in order to fill in the statistical questionnaires for 34 surveys.

43. Please provide information on net SMEs creation rate and SMEs survival trend over the past 3 years. Please describe very briefly which (if any) measures Moldova has introduced to ensure the effective survival of newly established companies/start-ups. Have these measures had measurable results, please provide data.

Despite the increase in the number of enterprises over the past 5 years, which apparently is somewhat optimistic, the international comparisons show that the number of newly created enterprises in the Republic of Moldova is still small. The density of newly created enterprises per 1000 inhabitants aged 15-64 is significantly lower (1.9 units), compared with Georgia (10.3) and with the average of countries from Central Europe and Baltic countries (4.5 units), including Romania (7.3), Latvia (8). Moreover, the latest data on company demography

show that both in 2018, 2019 and 2020 the rate of closed companies exceeded that of newly created ones.

Net SMEs creation rate and SMEs survival trend

Indicators	2018	2019	2020
Rate of created companies	13.7%	14.7%	13.8%
Rate of closed companies	22.1%	25.4%	28.7%
Net creation rate	-8.4%	-10.7%	-14.9%
Survival rate 1 year, %	44.2%	46.8%	45.9%
Survival rate 2 years, %	40.9%	40.5%	44.3%

Source: NBS research “Business demography in Moldova”

Besides the low rates of business start-ups, the survival rates of small enterprises is low. According to statistics, less than half of newly established enterprises manage to survive two years after the establishment. The survival rate after 1 year is 44.2%, and the survival rate after 2 years – about 40.9%. For comparison, in the EU, the survival rate in the next year after the establishment is 80%, and on average, half of the enterprises manage to survive after 5 years.

In general, most of the state programs for SMEs in the Republic of Moldova have a design that primarily targets newly created enterprises or micro and small enterprises. At present, it is difficult to assess the real impact on the total SME population. At the same time, the Law No. 179/2016⁸⁶ on SMEs offers certain guarantees in the relationship with state institutions for newly created enterprises. Thus, according to the legal provisions, the state control of small and medium enterprises, during 3 years from their state registration, is of an advisory nature, except for criminal offenses. At the same time, the fundamental financial-fiscal control is performed only once in a period of 3 years.

By the Government Decision No. 973/2018⁸⁷ the Program “Start for Youth – a sustainable business at your home”, was approved. Within the Program financial support is provided for the start-up of young people. The program contributes to

⁸⁶Law No. 179/2016 on small and medium enterprises, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=131008&lang=ro

⁸⁷Government Decision No. 973/2018 on the Program “Start for Youth – a sustainable business at your home”, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=126473&lang=ro

the development of entrepreneurship among young people and encouraging business start-ups, especially in rural areas, by facilitating access to financial resources, training, consulting and mentoring in the management and expansion of the business. In 2021, within this programme, 100 grants and 31 business vouchers were approved to support businesses. The implementation of investment projects approved for financing will contribute to the creation of about 300 jobs. The volume of investments expected in the economy of 27,644.72 thousand MDL. The fields of activity of the enterprises approved for financing are: 48% - service provision, 34% - manufacturing industry and 13% - agriculture / animal husbandry.

44. Adapting public policy tools to suit SME needs, including through facilitating SMEs participation in public procurement and by ensuring that SMEs can make better use of state aids:

The rules that promote access to public procurement procedures for small and medium-sized enterprises are regulated by the Law No. 131/2015⁸⁸ on public procurement. In this respect, Art. 39 para. (2) of Law No. 131/2015 provides that the contracting authority which resorts to the award of public contracts and framework agreements on lots, shall determine the object of each lot on a quantitative basis, adapting the size of the individual contracts so as to correspond better to the capacity of small and medium-sized enterprises, or on qualitative bases, in accordance with the different trades and specializations involved, to adapt the content of individual contracts more closely to the specialized sectors of small and medium-sized enterprises, or in line with the various subsequent phases of the project.

At the same time, in the contract notice /invitation or in the specifications, the contracting authority according to Art.73 of the Law No.131/2015 may establish special conditions for the performance of the public procurement contract. These conditions may have as objective, in particular, to encourage on-the-job training, the employment of jobless, youth and people experiencing integration difficulties, the reduction of unemployment levels, the vocational training of the unemployed and young people, the protection of the environment, the improvement of working conditions and safety at work, the development of the rural environment and the vocational training of farmers, protecting and supporting small and medium-sized enterprises, including during the performance of the contract and under conditions of subcontracting.

⁸⁸Law No. 131/2015 on public procurement, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=113104&lang=ro

45. Are there any initiatives in place to promote the access of SMEs to public procurement procedures? Is there any legal act providing for such access? If so, please refer to relevant legislative provisions governing this issue.

Moldova has moved steadily towards an effective competition law and policy regime. The Competition Council of Moldova (CC) has the powers and tools required for competition enforcement and makes active use of them. In carrying out its enforcement against anti-competitive agreements, abuses of dominance, and merger control, the CC can compel firms to provide all necessary information, can perform unannounced on-site inspections (so-called “dawn raids”), and can impose remedies, sanctions and cease and desist orders. The transparency of the CC’s activities has increased. Guidelines on investigative procedures, the assessment of abuses of dominance, horizontal and vertical agreements, as well as the CC’s decisions are publicly available. The CC also carries out several advocacy activities. About public procurement, it holds regular seminars on fighting bid rigging for public procurement officials. In addition, the CC frequently communicates with the government regarding competition issues, it actively comments on draft laws and regulations, and it carries out market studies with the aim of removing barriers to market competition.

At the same time – Public procurement in Moldova is regulated by the public procurement law (PPL) adopted on 3 July 2015 and in force since 1 May 2016, with some subsequent amendments. While it was drafted to reflect the EU’s public procurement directives of 2004, Moldova’s Association Agreement with the EU requires further amendments to conform with the 2014 directives, which add new provisions for facilitating SME participation in public procurement. The main policy-making institution in the field of public procurement is the Ministry of Finance, with the Public Procurement Agency, subordinated to the Ministry, in charge of policy implementation. Review of complaints is handled, free of charge, by the National Agency for Settlement of Complaints, reporting to the Parliament of Moldova. The PPL prohibits discriminatory qualification or award criteria and requires them to be proportionate to the nature and value of the procurement. With specific reference to the interests of SMEs, the PPL allows contracting authorities to divide contracts into lots and obliges them to explain the reasons if this is not done. The PPL also allows the use of declarations of conformity with qualification requirements at the time of tendering. Although not specifically aimed at SMEs, explicit provisions in the PPL for preliminary market consultations give them opportunities to learn about business opportunities and present their possibilities and limitations as potential tenderers; measures are envisaged for improving contracting authorities’ knowledge of what SMEs can offer.

The use of simplified procedures or direct agreement is possible in certain, defined circumstances. Small-value contracts are not covered by the PPL, with the threshold for this raised from MDL 80 000 to 200 000, and data on such procurement is not readily available. Also, for the request of quotation procedures the threshold is 800 000 MDL. In principle, notices and tender documents are available free of charge on a single public procurement website. However, gaps

may occur in the publication of notices and effective access to the information is limited (e.g. by the use of .pdf files with no search possibilities). Although no specific data are available, these factors seem to limit the openness and competitiveness of the public procurement market for SMEs. A new e-procurement system is in operation but is being permanently updated. While recognizing the developments since 2016 as set out above and the current plans for further improvements, the following reform needs with respect to SMEs can be highlighted:

- updating of secondary legislation, standard documents and guidelines to fully match the PPL;
- appropriate regulation and increased transparency of small value procurement.
- enhanced training for contracting authorities and SMEs in their respective roles in the full public procurement cycle;
- enhancement of e-procurement to bring it in line with EU requirements and good practice; and
- enhanced generation and analysis of public procurement data, in particular by wider and more efficient use of e-procurement.

46. Are there any provisions in the state aid policy targeted at SMEs? Please refer to relevant legislative provisions governing this issue.

The granting of state aid to the SMEs is regulated by the Law No.139/2012⁸⁹ on State Aid and the regulations adopted by the Competition Council. The main one in this respect is the Regulation on state aid to small and medium-sized enterprises, approved by the Competition Council's Decision No. 10/2013⁹⁰.

Other regulations which do not aim specifically at SMEs but may apply to them are as follows:

- Regulation on State aid for research, development, and innovation, approved by the Competition Council's Decision No. 8/2013⁹¹.
- Regulation on state aid for training employees and jobs creation, approved by the Competition Council's Decision No. 5 /2013⁹².

⁸⁹Law No. 139/2012 on State Aid, available in Romanian at:
https://www.legis.md/cautare/getResults?doc_id=106292&lang=ro

⁹⁰Competition Council's Decision No. 10/2013 Regulation on state aid to small and medium-sized enterprises, available in Romanian at:
https://www.legis.md/cautare/getResults?doc_id=56571&lang=ro

⁹¹Competition Council's Decision No. 8/2013 Regulation on State aid for research, development, and innovation, available in Romanian at:
https://www.legis.md/cautare/getResults?doc_id=40454&lang=ro

⁹² Competition Council's Decision No. 5 /2013 Regulation on state aid for training employees and jobs creation, available in Romanian at:

- Regulation on state aid for the establishment of enterprises by women entrepreneurs, approved by the Competition Council's Decision No. 7/2013⁹³.
- Regulation on State rescue aid for beneficiaries in difficulty, approved by the Competition Council's Decision No. 6/2013⁹⁴.
- Regulation on the Assessment of State Aid for Regional Development, approved by the Competition Council's Decision No. 02/2020⁹⁵.
- Regulation on the Assessment of State Aid for Environmental Protection approved by the Competition Council's Decision No. 03/2020⁹⁶.

D. Facilitating SMEs access to finance

47. How would you assess the situation in Moldova in relation to SMEs' access to finance through banks and other financial institutions such as venture capital funds? Is there a legal and regulatory framework in place facilitating SMEs access to finance? If so, please refer to the relevant legislative provisions.

SMEs' access to finance is largely provided by the commercial banks, which are supervised by the National Bank of Moldova (NBM), as well as by nonbank credit organizations (NBCOs) and savings and lending associations (SLAs) which are supervised by the National Commission for Financial Markets (NCFM).

Commercial banks dominate the financial sector. There are 11 banks operating in the Republic of Moldova, holding a credit portfolio of MDL 56.3 billion (EUR 2.7 billion) as of the end of 2021, of which, MDL 15.8 billion (EUR 0.8 billion) or 28% are loans granted to the SMEs. At the same time, there are 143 NBCOs and 226 SLAs actively operating on the market managing a cumulative credit portfolio of MDL 12.4 billion (EUR 0.6 billion) granted to natural persons (80%) and legal entities, including SMEs (20%).

https://www.legis.md/cautare/getResults?doc_id=39769&lang=ro

⁹³ Competition Council's Decision No. 7/2013 Regulation on state aid for the establishment of enterprises by women entrepreneurs, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=39770&lang=ro

⁹⁴ Competition Council's Decision No. 6/2013 Regulation on State rescue aid for beneficiaries in difficulty, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=10443&lang=ro

⁹⁵ Competition Council's Decision No. 02/2020 Regulation on the Assessment of State Aid for Regional Development, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=125024&lang=ro

⁹⁶ Competition Council's Decision No. 03/2020 Regulation on the Assessment of State Aid for Environmental Protection, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=125402&lang=ro

In order to ensure an appropriate flow of bank credit to SMEs and to facilitate their access to finance, by the Regulation on the treatment of banks' credit risk using standardized approach, approved by the Decision No. 111/2018⁹⁷ of the Executive Board of the National Bank of Moldova (item 95), the capital charges for exposures to SMEs have been reduced through the application of a supporting factor equal to 0.7619 to allow credit institutions to increase lending to SMEs. As a result, the exposures to SMEs suitable for retail exposure class (usually weighed to 75%), receive a risk weight of 57.14% ($75\% \times 0.7619$); and SMEs exposure classified to corporate class, that do not exceed 7.5 million lei will be weighed to 76.19%.

The Moldovan capital market has an incipient level of sophistication, with a small number of issuers and low liquidity on the equities side. Thus, it insufficiently contributes to financing the needs of the real economy, the SME finance gap being estimated at around 4.9% of GDP, with industry, services, transport and communications sectors having the largest financing gaps. The vital elements of the capital market infrastructure are in place, albeit, in need of adjustment to allow for setting the right incentives and building business confidence. The cost of issuing bonds or shares is high and not popular among SMEs, especially considering that very few SMEs are established as joint-stock companies, while most of them are organized as limited liability companies. According to the Law No.135/2007⁹⁸ on limited liability companies, these are allowed to issue corporate bonds in order to attract loans both internally and externally. However the Law does not stipulate a clear mechanism in this regard, making the process insufficiently clear. Therefore, on 4th May 2022, the Government approved several modifications to the above mentioned Law, that sets clearer conditions for the issuance of bonds by the limited liability companies, simplifying the whole procedure. As a next step, it will be presented to the Parliament for adoption.

There are no domestic investment funds. There were several investment funds in the past that were established as a result of the privatization process: part of them were reorganized into joint-stock companies, while the rest went into liquidation. However, several regional private equity funds are present in the country. Examples include funds of NCH Capital, Horizon Capital, and Fribourg Capital.

To facilitate SMEs' access to finance was created the Credit Guarantee Fund, which is operated by the Organization for Small and Medium Enterprise Sector. The legal and normative framework for Credit Guarantee Fund is foreseen in Law No. 179/2016⁹⁹ on SMEs and Government Decision No. 828/2018¹⁰⁰. It is the only

⁹⁷ Decision No. 111/2018 of the Executive Board of the National Bank of Moldova, available in Romanian at: <https://www.bnm.md/en/content/regulation-treatment-banks-credit-risk-using-standardised-approach>

⁹⁸ Law No. 135/2007 on limited liability companies, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129087&lang=ro

⁹⁹ Law No. 179/2016 on small and medium enterprises, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=131008&lang=ro

¹⁰⁰ Government Decision No. 828/2018 on the approval of the Regulation on the Fund credit guarantees for small and medium-sized enterprises, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=108997&lang=ro

credit guarantee fund in the Republic of Moldova. It aims to alleviate financing constraints for SMEs by allowing banks to absorb more risk and thus encourage more lending to the SME segment by issuing financial guarantees up to 80% of the credit value, the maximum value of guarantee per loan is MDL 5 million. For 2022 the guarantee fee was set at 0%, and the guarantee capacity of the fund is about MDL 1 billion.

In order to ensure access to affordable financing for SMEs, the Ministry of Economy is working on a new financing mechanism that will be implemented through the Sustainable Economic Development and Acceleration Fund. The fund is expected to attract financial resources from the state budget and donors and channel them to entrepreneurs through commercial banks and eligible non-bank lending organizations. Thus, the Fund's resources will be used to provide loans at a lower interest rate than banks offer, to businesses that operate in certain sectors of the economy in line with the priorities set out in Government policy documents. Also, it foresees, in some cases, partial compensation of the interest rate. Thus, the proposed financing mechanism will diversify the traditional ODIMM's portfolio of intervention instruments, currently limited to credit guarantees and grants.

48. Is the financial sector seen as open and responsive to the needs of SMEs in Moldova? Are banks ready to respond to the needs of small employers without excessive collateral or guarantees? Which kinds of collateral do domestic banks accept to extend a loan to an SME and to what extent can intellectual property be used? What is the usual amount of data requested by banks in order to extend a loan to an SME? What are the average costs and how long does it take to prepare the requested documentation?

Banks represent the primary source of external financing for local SMEs. Over time, banks have adjusted their products making them more attractive for SMEs. Most banks offer lines of credit, loans for working and investment capital, letters of credit, and overdraft facilities. Many banks also provide a range of payment frequencies and grace periods. In the last 5 years, the total balance of loans granted to the SMEs by banks has increased by 44%, totaling MDL 15.8 billion (about EUR 755 million) at the end of 2021. SME loans represent 48% of the total loans granted to legal entities. Most loans are provided in local currency, as only internationally exposed SMEs are able to access foreign currency loans. A large part of bank loans (circa EUR 120 million) for SMEs is financed through donor credit lines, and not from the banks' own funds. Major donors include EBRD, EIB, World Bank, IFC, USAID etc.

In the context of Basel III implementation, a new law on the activity of banks was adopted (Law No. 202/2017¹⁰¹, in force since 1 January 2018). It transposes the provisions on capital requirements and prudential treatment of various risks, improves the provisions related to banking regulation and supervision, etc. Also,

¹⁰¹ Law No. 202/2017 on the activity of banks, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=128663&lang=ro

the secondary regulatory framework has been adopted gradually from 2018 to 2022, setting new regulations on own funds and capital requirements, capital buffers, credit/ market/ operational/ settlement risks, counterparty credit risk, credit valuation adjustment, large exposures, management framework, etc. Thus, the improved legal framework requires banks to have in place robust methodologies to enable them to assess the risk of individual borrowers and their credit portfolio. On the one side, these regulations make banks to act cautious including with regards to SMEs, having less flexibility to respond to the SMEs needs. On the other side, this is transposing into a better quality of credit portfolios. For example, the share of non-performing granted to SMEs has improved gradually, dropping from 25% in 2017 to 9% in 2021.

Referring to the main constraints the SMEs face when accessing credit, the high collateral banks ask for represents an important barrier. On average, banks require guarantees worth 120-150% as a percentage of the loan value. Unsecured loans are provided for limits up to MDL 200 thousand for micro-enterprises and up to MDL 1.5 million for small and medium-sized companies, according to their cash flows. In this regard, the government is making efforts to support access to loans for SMEs and reduce lenders' risks via the Credit Guarantee Scheme, which was described in the previous point. In 2021, it facilitated the access to credit resources of over MDL 1,073.5 million.

In line with the Law No. 449/2001¹⁰² on collateral, the object of the pledge may be any tangible or intangible good (including intellectual property). Although, hard collateral such as real estate, vehicles, and machinery is generally required. In practice, commercial banks do not accept intellectual property as eligible collateral. With regard to the options available for SMEs to leverage their assets to raise financing, the existing cadaster (fully available online and free for all users) has been complemented with an expanded registration system for movable assets. The possibility to register movable assets online significantly helps SMEs to access financing.

For the purpose of the assets and conditional commitments evaluation, the banks follow the Regulation No. 31/2011 on assets and conditional commitments classification¹⁰³ that sets provisions on the classification and provisioning to the allowance for loans losses to the SMEs.

Thus, according to the items 33, 331 and 351 of the mentioned Regulation, has been provided some peculiarities in order to support SMEs and individuals practicing a certain type of activity in the credit process:

¹⁰²Law No. 449/2001 on collateral, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=110201&lang=ro

¹⁰³Regulation on assets and conditional commitments classification, available in English at:

<https://www.bnm.md/en/content/regulation-assets-and-conditional-commitments-classification-approved-dca-nbm-no231-october>

- Loans amounting up to MDL 500 thousand that are not guaranteed with pledge or other funds of guarantee whose repayment are based solely on the debtor obligation and the bank's internal pledge procedures, as well as receivables in the respective amount (item33);
- credits amounting up to MDL 100 thousand, which are totally or partially secured by financial guarantees granted within special projects by international financial organizations and/or by legal entities which main activity is to guarantee loans and which patrimony consists mostly of shares of authorized banks or state (item331);
- credits amounting up to MDL 1,000,000 or credits guaranteed in proportion of at least 50 percent of the exposure value against the debtor, with real guarantees owned by the debtor, shall not be classified by default as Non Performing Loans (NPL), as are classified other such credits in the case when the total debts exceed 30 times the debtor's equity.

It is difficult to estimate the cost and time needed for preparing all the documentation requested by the banks. The usual information requested by banks in order to examine a credit application includes:

- Entrepreneur's survey - "Know your customer ";
- Copies of the identity documents of the administrator and founders of the company;
- Financial situation; The debtor's agreement regarding the generation of the report of the Credit Bureau; Business plan, in case of an investment loan;
- Confirmatory documents regarding the primary sources of credit payment (contracts/invoices with the largest clients);
- Acquisition agreements (confirming the purpose of the requested credit) or other documents; Evaluation report of the movable/immovable property to be purchased from the credit resources;
- Legal documents regarding the debtor's status (certificate of registration, extract, activity license etc.). However, because commercial banks have access to the information platform of the Public Services Agency, the potential debtor is exempted from the costs of submitting the extract from the Register of Legal Entities, as well as the extract on purchased or pledged real estate, the extracts being generated online by banks.

The time required to collect the required documents to apply for a loan differs from case to case and can vary from a few days to a few weeks, depending on the destination of the credit. In case of requesting a credit for investment in real estate, the borrower must present the valuation report of that property, issued by an accredited valuation company. For investment loans, the bank may request the

technical project, as well as permissive documents from regulatory agencies (e.g. National Agency for Energy Regulation).

Also, the cost of preparing all the documents depends on the purpose of the loan. Thus, for the completion of a real estate appraisal report, the cost can vary between MDL 800-2500, depending on the location of the property and its surface. During the lending period, the contractor is also obliged to draw up an insurance policy for the pledged movable and immovable property, the cost of which depends on the value of the insured property.

For the examination of SME credit applications, banks charge a fee of MDL 100-150, while the disbursement fee varies between 1-2.5% of the disbursed amount. Also, during the lending period, the contractor pays an administration fee of 0.5-2% per year from the credit balance, which aims to cover the bank's costs regarding monitoring the use of credit funds according to the destination.

49. How easily available are small loans (microcredits) for businesses and people wanting to set up a business? Are (non-bank) microfinance providers active in Moldova?

At the moment, there are 143 non-banking credit organizations (NBCOs) actively operating in Moldova, with a gross credit portfolio (including financial leasing) of about MDL 11.3 billion (EUR 0.5 billion), provided to natural persons and legal entities. The NBCOs have increased their market share considerably over the past years. The volume of the loan portfolio of NBCOs recorded on average a 15-20% annual growth. Thus, the NBCO sector has a sizeable footprint in the individual and SME credit market, with close to 20% of all credit extended being provided by the NBCOs. On the whole, the NBCOs have a portfolio of more than 429.8 thousand clients (out of which 208 thousand are women) , and the average value of a non-bank loan provided is equal to MDL 26.4 thousand (EUR 1300). The scope of contracted non-bank loans, segregated on individuals and legal entities, is provided in the below table, as of 31/12/2021:

Scope of non-bank credits	Total, MDL	%
Loans provided to legal entities:	2,200,784,056	100%
For agriculture	551,244,613	25%
In primary processing and the food industry	146,827,072	7%
For the purchase or construction of a real estate	195,905,305	9%
For trade	327,898,754	15%
For the provision of services	490,569,036	22%
For consumption	60,739,417	3%
Other scopes	427,599,859	19%
Loans provided to individuals:	9,144,179,670	100%
For agriculture	917,862,851	10%

In primary processing and the food industry	100,777,888	1%
For the purchase or construction of a real estate	811,649,626	9%
For trade	471,097,283	5%
For the provision of services	848,001,102	9%
For consumption	4,716,911,719	52%
Other scopes	1,277,879,201	14%
Total loans provided	11,344,963,726	100%

Microfinance providers represent an alternative solution for start-ups and people wanting to set up a business. Banks' preferences regarding the characteristics of enterprises they lend to are likely making it difficult for newer companies to get financed. Most banks prefer lending to enterprises that have been in operation for one or more years, have reached a certain size, and have already established a relationship with the bank.

In the absence of qualifying for bank loans, SMEs tend to seek funding from NBCOs, but this limits them to smaller credit amounts and shorter maturities. The value of collateral needed in relation to a loan is reportedly lower than in banks. NBCOs accept a variety of collateral, such as real estate, equipment and machinery, vehicles and personal guarantees. At the same time, the NBCOs apply alternative methods to assess the risk, taking into account unofficial sources of revenues or unregistered businesses, which is particularly important for small entrepreneurs in agriculture and services sectors. About 45% of NBCOs loans portfolio are extended on alternative risk scoring methodologies. In addition, the NBCOs have a faster turnaround of credit decisions, which in many instances only take a few days. The less strict lending conditions, both in terms of documents required, collateral, and time, transpose into higher interest rates and fees than those offered by commercial banks.

Starting July 2023, the regulatory and supervisory responsibilities for oversight of NBCOs, saving and lending associations and insurance companies will be transferred from the National Commission for Financial Markets to the National Bank of Moldova. Considering the NBM expertise gained from rehabilitating banking sectors, it is expected that this transfer will enhance the oversight of the NBCOs segment and improve the regulation of NBCOs activities, including in terms of provision for due diligence on debtors' repayment capacity and collateralization level.

50. Are there publicly financed SME funding programmes? If yes, please mention the most relevant programmes, the size of the financing involved, and the results obtained.

The publicly financed SME funding programs are managed by the Organization for the Development of the Small and Medium Enterprises Sector (ODIMM). Programs involve a wide range of support tools for SMEs, including training, mentoring, financing, and monitoring. The financing provided under these

programs is non-refundable, being allocated as grants. The total budget allocated from public funds during 2019-2021 amounted to MDL 261.5 million, while for 2022, it is planned to be allocated MDL 400 million from the state budget. The most relevant programs are described in the table below:

Program and target group	Funding per program maximum (MDL)	Allocation from state budget 2019-2021 million MDL)	Approved investment projects	Number of jobs created	Expected value of investments (million MDL)
SMEs Growth and Internationalization SMEs planning to go international, access foreign markets and /or substitute imported goods/services	Small scale: 50 thousand Large scale: 2 million	15	57	1690	33
SMEs Greening Program SMEs adopting greening practices for production and service delivery processes	Small scale: 200 thousand Large scale: 500 thousand	25	50	559	15.29
Women in Business Program SMEs that are founded and run by women who plan to expand their business/ or women who want to start a new business	Small scale: 165 thousand Large scale: 1.65 million	45.5	509	1490	114.19
Start for Youth Program Support young persons who want to start a business	Small scale: 180 thousand	55.5	400	851	94
Attracting Remittances in the Economy “PARE 1+1” (2010-2021) Returning migrants who want to set up a business	Small scale: 250 thousand	110	519	1520	316.26
SMEs Digitization Program SMEs planning to implement digital solutions in the technological process or that are oriented to online commerce	Small scale: 200 thousand	10.5	301	3178	42.56

At the beginning of 2020, two new SMEs support programs were launched: the Digital Innovation and Technology Start-up Support Program¹⁰⁴ and the SMEs Digital Transformation Program¹⁰⁵, with a cumulative budget of MDL 35 million for 2022.

At the same time, SMEs in the agricultural sector benefit from subsidies from public sources through the Agency for Intervention and Payments in Agriculture, whose subsidy fund for 2022 represents 1.5 billion MDL.

In addition, in 2022, the government is to approve six new SMEs Support Programs. More details on upcoming programs are provided in the table below.

Program and target group	Funding per program maximum (MDL)	Foreseen allocation from state budget 2022-2024 (million MDL)
SMEs technological modernization and energy efficiency program The aim of the Programme is to improve the production processes of SMEs by replacing inefficient equipment/tools with modern ones, and to identify and implement solutions for the responsible use of energy resources.	The grant will cover maximum of 50% of the value of the investment project and will not exceed MDL 2.000.000	55.0
Social enterprise support program The aim of the Programme is to develop the social enterprise sector and provide opportunities for people from disadvantaged groups, strengthening in this way economic and social cohesion and social inclusion.	For newly registered enterprises - the maximum amount of funding is MDL 200 000 For social enterprises or social integration enterprises - the maximum amount is MDL 500 000 lei.	5.0
The "Second Chance" Program The scope of the programme is to give SMEs facing temporary financial difficulties the opportunity to successfully restart their operations and return to the market, thus avoiding insolvency.	Non-reimbursable funding of up to MDL 300 000 for at least 100 companies	35.0
Rural tourism start-up program Aims to develop the tourist sector, grasping	Non-reimbursable funding of up to MDL 200 000	11.0

¹⁰⁴Government Decision No. 243/2022 Digital Innovation and Technology Start-up Support Program, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=130971&lang=ro

¹⁰⁵Government Decision No. 129/2022 SMEs Digital Transformation Program, available in Romanian at:

https://www.legis.md/cautare/getResults?doc_id=130254&lang=ro

the opportunities and potential of local communities.		
Program to facilitate the grouping of SMEs in Clusters Aims to catalyze the cluster formation and SMEs integration into regional innovation ecosystems based on cluster cooperation.	Non-reimbursable funding of up to MDL 200 000 per cluster, but not more than 80% of the value of the investment project	13.5
Local supplier development programme The Programme aims to offer support to SMEs in developing their capacities and skills to easily integrate into regional/international value chains as suppliers to multinational companies.	to be established	to be allocated

51. If such a programme does exist, are there plans for a loan guarantee programme for SMEs?

The Credit Guarantee Fund for SMEs (CGF) is managed by the Organization for the Development of Small and Medium Enterprises (ODIMM). The CGF's mission is to help increase the competitiveness of the SME sector by facilitating their access to finance through the provision of state guarantees. The guarantees issued by CGF are recognized as eligible for credit risk mitigation purposes according to the National Bank of Moldova Regulation on the treatment of banks' credit risk using standardized approach¹⁰⁶.

The CGF had established partnership agreements with all 11 commercial banks in the country. The guarantee products cover up to 80% of the amount of the requested loan, the maximum guaranteed amount of loan is MDL 500 thousand for start-up companies and MDL 7 million for exporting companies. In the context of the Covid-19 and energy crisis, all guarantees issued in 2022 are exempt from the guarantee fee for the first year. At the same time, the maximum guarantee rate for all active companies has been raised to 80% of the contracted loan value.

At the end of 2021, the FGC portfolio included 527 active guarantees, amounting to MDL 412.9 million, which facilitated the disbursement of loans in the amount of MDL 1,073.5 million. Throughout the period of management of CGF by the ODIMM, 1,088 guarantees were issued amounting to MDL 708 million, which facilitated the loan disbursement worth MDL 1,876 million, generating in return investments in the economy of over MDL 2,317 million.

Currently the mechanism for portfolio guarantees is being developed, which is scheduled to be launched by September 2022. Unlike individual guarantees that

¹⁰⁶Decision No. 111/2018 Regulation on the treatment of banks' credit risk using standardized approach, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130162&lang=ro

are currently granted by the CGF, portfolio guarantees will cover a portfolio of loans granted to SMEs by the creditor, according to pre-established criteria. The portfolio guarantee mechanism offers a number of advantages over individual guarantees, it simplifies the application process, reduces processing time, and optimizes administrative costs. For the implementation of the portfolio guarantees mechanism, ODIMM is carrying out negotiations with the World Bank for securing additional resources to capitalize the GCF with about USD 15 million.

52. To what extent are other sources of finance (equity investment by venture capital funds or, business angels, etc.) being used and publicly promoted in Moldova? Please mention any good practice in this area, including the most relevant results obtained.

The Moldovan capital market has an incipient level of development, SMEs relying on traditional sources of financing (bank and non-bank-loans). However, progress is made on this front through adopting the legal framework that would encourage the development of alternative sources of financing.

The Law on alternative collective investment undertakings has been enacted in 2020 (Law No. 2/2020¹⁰⁷). It sets the legal basis of creation and functioning of the alternative collective investment undertakings, the requirement to the organization, licensing, and activities of investment management societies, including the obligations related to the management of collective investment of the organizations with venture capital and long-term investments, as well as the regulations concerning depositaries of assets.

In addition, with the purpose of diversifying financing resources and alleviating the constraints of access to traditional sources of capital, the draft Law on participatory financing was developed and is expected to be approved by the Government in September 2022 and further presented to the Parliament for adoption. The draft Law was established in line with the standards of the EU Regulation 2020/1503 on European crowdfunding service providers for businesses. The bill seeks to catalyze the development of an alternative way of raising finance and covering costs for those businesses without access to traditional forms of bank lending, enabling start-ups, small businesses, and innovative ideas to get financial backing. It will set the legal framework for the authorization and creation of crowdfunding platforms and regulate the activity of all categories of participants (supplier, investors, developer) in crowdfunding. According to the draft law, the businesses will have the opportunity to attract funding or accumulate investment of up to EUR 1 million. Also, the draft law foresees a robust investor protection mechanism.

Also, the National Commission for Financial Market in partnership with USAID elaborated and published in May 2022 the Practical Guide on Issuing and Trading

¹⁰⁷ Law No. 2/2020 on alternative collective investment, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=120967&lang=ro

Corporate Bonds. It describes the key stages involved in a bond issue and gives practical tips specific to each stage. The guide includes information for both bond issuers and individuals and legal entities (investors) who intend to invest in corporate bonds issued by joint-stock companies and limited liability companies. The Guide aims to promote and increase awareness of corporate bonds as alternative financial instruments to the classic ones.

Market access for SMEs

53. Are there any measures in place to promote SMEs use of and involvement in development of standards?

The Institute for Standardization of Moldova (ISM) , the national standardization body , has 77 technical committees and working groups that include members representing SMEs with equal voting power in the decision-making process. In addition, in order to encourage the participation and involvement of SMEs in the process of standards development, the Institute of Standardization publishes announcements regarding new draft standards on its official website. All draft standards are available for public consultation. During 60 days from the initiation of public consultation, all stakeholders can come up with recommendations for the draft standards, having the opportunity to influence the content of the future standard, as well as to get familiarized with it prior to its publication.

The official website of ISM www.standard.md provides full and comprehensive information regarding the standardization activities at national, European and international level. There is a dedicated column for SME on ISM's web page https://standard.md/?page_id=3214&lang=en where useful information can be found on the benefits of involvement in standardization work.

In addition the ISM has created the Center Business Support in Standardization, whose primary purpose is to provide information support to users of standard

Also, ISM has developed an online platform for standards dissemination <https://shop.standard.md/ro>, to facilitate stakeholder access to standards. The platform allows the commercialization of standards in electronic format, the protection of copyright on standards. The platform is a useful tool for standards selling but also an effective tool in identifying the required standard.

Although there has been an increase in the application of European standards in recent years, ISM notes that this growth can be accelerated through a number of additional activities: training, European standards promotion campaigns, advisory and information support. In this context, ISM has adopted ISM Communication strategy 2020-2022 and Communication plan through which it has planned activities dedicated to SMEs aiming to increase SMEs awareness of standards. ISM has implemented several actions to promote standardization activities and to

raise awareness of the benefits of involvement in development of standards as TC members. Information materials regarding the successful case studies on implementation of standards are distributed on social media platforms and ISMs website

The Institute for Standardization cooperates with the Organization for Small and Medium Enterprises Sector Development (ODIMM) to encourage take-up of such tools like www.shop.standard.md and to raise awareness of the benefits of standards implementation and of involvement in development of standards. In partnership with ODIMM, ISM carries out various activities such as training courses, webinars, etc. to increase the number of standards implemented by SMEs.

In addition, aiming to stimulate SMEs to incorporate standards into their business operations, ODIMM offers the beneficiaries of the Growth and Internationalization State Program[66] business vouchers up to MDL 100 thousand, that can be used by the SMEs inclusively to implement international quality management standards (ISO, HACCP, and ECO Label).

54. Are there any advisory services to support SMEs against unfair commercial practices? Promotion of upgrading of skills and of innovation

While specific advisory services are not yet available in Moldova, the Agency for Consumer Protection and Market Surveillance, according to its annual action plan, carries out information campaigns where the unfair commercial practices are also addressed, as provided in the Law No. 105/2003 on consumer protection¹⁰⁸.

Promotion of upgrading of skills and of innovation

55. Are there any programmes aiming at the promotion of technology dissemination towards small enterprises? How would you assess the impact of these programmes?

In order to ensure the increase and competitiveness of the SMEs' performance, as well as to facilitate the prompt adjustment to economic and technological changes imposed by the pandemic crises, in 2020 the SME Digitalization Support Tool was approved. The Support Tool was implemented by ODIMM and comprised a set of activities that aimed to support technology transfer and digital development of SMEs, in order to exploit their innovative potential, including facilitating their access to internal and external markets. It aimed to support the digitalization of SMEs by providing informational, consultative, and financial support.

¹⁰⁸Law No. 105/2003 on consumer protection, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129082&lang=ro

Since the launch of the SMEs Digitization Support Tool until the end of 2021, 284 companies have been supported, of which 168 companies were allocated business vouchers and 117 companies were supported via grants allocation. The total value of the provided financial support amounted to MDL 24 million (EUR 1.2 million), from which 41.7% was allocated from the National Public Budget, 41.7% by the EU Delegation to Moldova, and 16.7% by GIZ Moldova. The total amount of investments in the economy constituted MDL 35.4 million (EUR 1.76 million). Also, the financial support provided to those 284 companies during the implementation of the support tool, contributed to the creation and retention of 3,240 jobs in the Republic of Moldova

In addition, at the beginning of this year, the Government adopted the SMEs Digital Transformation Program, which foresees a budget of about MDL 30 million annually with an implementation period of 3 years. The Program aims to support the digitalization of enterprises by providing non-reimbursable financial support, while the ultimate goal is to increase their competitiveness and facilitate their access to internal and external markets. The financial support will be provided in the form of a grant and will cover a maximum of 70% of the investment project value, of which: MDL 250 thousand will be offered for micro-enterprises and MDL 500 thousand - for small and medium enterprises.

56. What initiatives have been taken to promote technology transfer from research institutes to SMEs?

In 2017, the reform of the research and innovation sphere was launched and the Code on Science and Innovation No.259/2004¹⁰⁹ was modified. As a result, the Agency for Innovation and Technology Transfer was absorbed by the newly created National Agency for Research and Development (NARD).

Among its responsibilities, the NARD should manage national funds for innovation, increase public awareness of R&D and scientific resources, and develop the innovation infrastructure.

The Government of Moldova offers grants to support innovation and technology transfer projects. The most relevant program is the Innovation and Technology Transfer Project managed by NARD. This project finances activity aimed at creating and implementing innovations and new technologies, including technology transfer, for the production of a new or improved competitive product, and for the use of progressive processes, services, and technologies. Eligible to apply for this project are research and innovation organizations in partnership with the representatives of the business environment, civil society, international organizations, and development partners of the Republic of Moldova. The

¹⁰⁹Code on Science and Innovation No. 259/2004, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=110232&lang=ro

maximum amount allocated for each project is MDL 1 million per year. Additionally, it requires some co-financing from the beneficiaries and is awarded through a competitive selection process that takes into account the degree of innovation of the project, its potential impact, and the beneficiary's capacities to implement it.

In 2018, the Law on Scientific-Technological Parks and Innovation Incubators was adopted¹¹⁰, setting clear objectives, technical requirements, and criteria for selecting resident companies. The technological parks and innovative incubators aim to support the creation of innovative start-ups and spin-offs, as well as the activity of young companies that carry out innovation projects. As of the end of 2021, one scientific-technological park and eight innovation incubators are present in Moldova.

57. How would you assess progress in enhancing inter-firm co-operation and clustering? Which significant initiatives have been or will be introduced in this field?

The cluster formation in Moldova is still in the emerging stage of development, however, progress is made on this front via various legal frameworks.

The legal framework related to SMEs (starting with the SMEs Development Strategy for 2012-2020, Concept of Industrial Cluster Development, and the Law No.179/2016 on small and medium-sized enterprises) acknowledges the importance of clusters for regional development. In 2013, the Government adopted the Concept of Industrial Cluster Development¹¹¹, that introduced the cluster concept in national legislation, set out the regulatory mechanisms, and outlined the commitment of the state to supporting clusters development. According to this Concept, the specific objectives of the cluster policy are:

- The modernization of traditional branches of the industry;
- Creating the conditions for innovation activities, strengthening cooperation between enterprises and research institutions;
- Increasing the efficient use of material, and financial resources through the use of advanced technologies in the industrial production process;
- Professional development of employees;
- Supporting local economic development.

The Organization for the Development of SMEs sector (ODIMM) was designated as the responsible institution for coordinating the clustering process at the national

¹¹⁰Law No. 226/2018 on Scientific-Technological Parks and Innovation Incubators, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=109755&lang=ro

¹¹¹Government Decision No. 614/2013 on Concept of Industrial Cluster Development, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=86312&lang=ro

level. In 2017, ODIMM, with the support of foreign experts, financed through the European Union Technical Assistance and Information Exchange Instrument (TAIEX), realized a cluster-mapping exercise, and as a result, were identified 20 industrial agglomerations with the potential to be transformed into clusters. Under this pilot exercise, 2 of these potential clusters were selected and offered the necessary support to be formalized as clusters per se. As a result, become functional (i) the Creative Cluster from Cahul and (ii) the Sorintex Textile Cluster. These clusters are characterized by the “four cloves” structure, comprising economic agents, administrative entities, local and national organizations, educational institutions, and business incubators/ consulting companies.

Also in 2018, following a “bottom-up” approach was established the “Automotive Cluster Moldova”, which brings together manufacturers, suppliers, associative organizations, research institutions, universities, vocational schools, national and local public authorities, and consulting companies. Currently, on the European Cluster Collaboration Platform, there are registered 4 Moldovan clusters.

The development of clusters in the Republic of Moldova continues to be supported by external partners. In 2022, within the “EU4Moldova: Focal Regions Program” implemented by UNDP and UNICEF, ODIMM contributed to the creation of 8 clustering initiatives.

At the end of 2021, was presented the Concept of the National Program for Promoting Entrepreneurship and Increasing Competitiveness for 2022-2026. Among the priority directions for intervention, the Concept mentions the introduction of targeted support measures to stimulate the integration of SMEs into clusters and value chains with high export and internationalization potential. In order to further stimulate cluster formation, a state program to support cluster initiatives is foreseen to be approved by the Government in 2022¹¹². The program foresees providing non-reimbursable financial support for the development of cluster initiatives

58. Please describe measures, if any, to ensure the availability of education/training systems or initiatives to supply skills specifically in demand with SMEs

The Organization for the Development of the SMEs Sector (ODIMM) offers entrepreneurial education through six national financial support programs, designed to strengthen SMEs’ capacities and skills. Consequently, ODIMM, in 2021, offered pieces of training to 4 383 entrepreneurs as follows:

¹¹²Draft of the Government Decision on Approval of the Cluster Initiative Support Program, available in Romanian at: <https://particip.gov.md/index.php/ro/document/stages/proiectul-de-hotarire-a-guvernului-cu-privire-la-aprobarea-programului-de-sustinere-a-initiativelor-de-clustere/8575>

- Program “Start for Youth – a sustainable business at your home” – 1 210 people;
- Continuous Training Program “Efficient Business Management”– 1 656 people;
- Program for Attracting Remittances in the Economy “PARE 1+1” – 312 people;
- National Pilot Program „Women in Business” (PFA) – 222 people;
- SMEs Digitalization – 129 people;
- SMEs Greening Program – 307 people.

Within these programs, various modules were developed and delivered to participants, aiming to build specific entrepreneurial abilities, namely:

- How to launch a business, financial management, marketing, and sales (delivered for beneficiaries of Start for Youth, PARE 1+1, and Women in Business programs).
- the Continuous Training Program “Efficient Business Management” offers two levels of training: beginner and advanced, covering 13 topics, namely: the legal framework of business management, financial management, fiscal framework, SMEs digitalization, SMEs greening, intellectual property, export procedures, crisis resilience, and crisis management, etc.
- Developing digital skills the following subjects are taught: website creation, social media marketing, content marketing, market analysis, identifying partners online, strategic planning, legal and fiscal processes, project management, customer support, and online security.
- Ensuring that the SMEs understand the concept and process of greening business operation, within the SMEs Greening Program entrepreneurs are offered training sessions on the implementation of the eco-management systems, planning and adopting actions for the efficient waste management, efficient use of water resources, energy efficiency.

In addition, considering the restrictions imposed by COVID-19, ODIMM had to adapt to the new challenges and switch its entrepreneurial training from offline to online. As a result, the Virtual Academy was created - a dedicated platform for online training of SMEs.

59. Are there any initiatives to develop SMEs' competences in research and development such as simplified access to public research infrastructure, use of R&D services, recruitment of skilled employees and training?

In November 2021, the Government Decision No. 382/2019 on Methodology of finance for research and innovation projects was amended, including new instruments such as "Innovation vouchers". This is aimed at developing SMEs' competences in research and development, by means of a simplified access to public research infrastructure, use of R&D services, recruitment of skilled employees and training.

Turning environmental challenges into opportunities

60. Please describe measures, if any, to provide incentives for eco-efficient business and products for SMEs.

In 2019, the Government of the Republic of Moldova reiterated its commitments and the importance of increasing the process of decoupling economic growth from environmental degradation by integrating "green" economy measures into the production processes of various branches of the national economy, by associating with the EU regional project for Eastern Partnership countries – European Union for Environment/"EU4Environment" and by reflecting environmental measures in the main policy documents of the government.

The elements of greening SMEs were included in the following national strategic documents:

- The National Environmental Strategy of the Republic of Moldova for 2014-2023¹¹³ emphasises supporting green entrepreneurship and using green innovations and technologies to enhance SMEs' competitiveness. It called for improving resource efficiency of Moldovan SMEs, exploiting opportunities of greener supply chains, and facilitating market access for green businesses;
- The low-emission development strategy of the Republic of Moldova until 2030 and the action plan for its implementation (Government Decision No. 1470/2016¹¹⁴);
- National Programme for Energy Efficiency 2011-2020 (Government Decision No. 833/2011¹¹⁵);

¹¹³The National Environmental Strategy of the Republic of Moldova for 2014-2023, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=114539&lang=ro

¹¹⁴Government Decision No. 1470/2016 on low-emission development strategy of the Republic of Moldova until 2030 and the action plan for its implementation, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=129232&lang=ro

¹¹⁵Government Decision No. 833/2011 on National Programme for Energy Efficiency 2011-2020, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=110334&lang=ro

- Energy Strategy of The Republic of Moldova to the year 2030 (Government Decision No. 102/2013¹¹⁶);
- The Strategy of waste management in the Republic of Moldova 2013-2027 (Government Decision No. 248/2013¹¹⁷);
- The strategy of water supply and sanitation (2014-2028) (Government Decision No. 199/2014¹¹⁸).

Furthermore, at the end of 2019, the Government of the Republic of Moldova adopted the Greening Program for Small and Medium Enterprises¹¹⁹. The purpose of this program is to promote, support, and develop SMEs' capacities to adopt greening practices in the production/service supply processes. The support is intended for SMEs that activate in sectors with a significant impact on the environment or that use environmental performance as a factor of competitiveness when entering international markets. All SMEs that want to introduce eco-efficient business practices are eligible to apply. The program includes 3 stages:

- Stage 1 - Training and education in the field of greening SMEs. The support will be made available to SMEs interested in developing and implementing business greening measures.
- Stage 2 - Financing greening actions of small value. SME grants are provided for the implementation of greening action plans on resource efficiency; application of sustainable production and consumption practices; the introduction of eco-innovations in technological processes; waste reduction and management; water resources management etc.
- Step 3 - Financing high-value greening actions. Support will be provided to SMEs that have implemented business greening actions and already have some experience in exporting their own products and services and can demonstrate the anticipated benefits of ISO/EMAS standards and/or EU eco-labeling. Grants will be awarded to SMEs for the implementation of international standards and relevant certificates, of the European environmental management and audit system, preparation for national and international eco-labeling, as well as for purchasing greening equipment etc.

¹¹⁶Government Decision No. 102/2013 on Energy Strategy of The Republic of Moldova to the year 2030, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=68103&lang=ro

¹¹⁷Government Decision No. 248/2013 on the Strategy of waste management in the Republic of Moldova 2013-2027, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=114412&lang=ro

¹¹⁸Government Decision No. 199/2014 on the strategy of water supply and sanitation (2014-2028), available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=122590&lang=ro

¹¹⁹Government Decision No. 592/2019 on the approval of Greening Program for Small and Medium Enterprises, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=119235&lang=ro

Supporting SMEs to access foreign markets

61. Please describe which measures, if any, and institutions or bodies are in place/to be introduced, to enhance SMEs opportunities and their access to foreign markets, particularly the EU Internal Market.

In order to stimulate SME internationalization and foster their access to international markets, in 2020, the Government of the Republic of Moldova adopted The State Program for SMEs Growth and Internationalization[80], which is implemented by ODIMM. The Program provides non-refundable financial support to the SMEs for financing their activities and investments contributing to strengthening their export potential. The program consists of two components:

- Business voucher scheme, covering costs up to MDL 100 thousand. The services eligible for the business voucher are: corporate or product image development (brand book design, packaging, labels, website, consultancy on intellectual property protection); development and integration of financial, the management, or computerized information systems; implementation of international quality management standard; employee training; reorganization of production processes and labeling of the finished product; elaboration of the strategic development plan; establishing the logistics process and preparing export documents;
- Grant scheme, up to MDL 2 million. The eligible investments include the acquisition of tangible assets (equipment, machinery, installations) and intangible assets (intellectual property, franchises, licenses, software);

At the end of 2021 the business link platform was launched – a virtual platform that includes centralized information about domestic companies that provide products and services both in the internal and external market. The information about suppliers is structured in a public database with advanced search functionality, which provides direct contacts or the possibility to place business partnership requests.

For 2022, the launching of new programs is planned, aiming to encourage the penetration of domestic SMEs in international markets, namely:

- Supplier Development Program. The Program will provide an integrated approach to support the development of the capabilities of Moldovan enterprises to integrate into regional and international value chains as suppliers for multinational companies. The Program will provide its beneficiaries training and coaching, financial grants, and support for developing partnerships with multinational companies.

- Export readiness Program for MSMEs. The Program aims to strengthen the capacity of Moldovan small producers, especially from rural areas, and to increase their production capacity and export readiness by implementing new production techniques and technologies. The Program will provide financial and non-financial support to micro-enterprises, including mentoring their integration into value chains, and this will have a lasting impact on the development of the local economy and employment.

In addition, Invest Moldova Agency, a central administrative authority, is mandated for investment attraction, export facilitation, and tourism promotion. It acts as the Country's Brand Ambassador and is directly involved in export operations through specific instruments. It carries the following activities:

- Organizing participation in fairs, exhibitions and events. The Agency offers financial support for local companies to participate at international exhibitions held in different countries with the purpose of promoting domestic products, establish new contacts, sign new contracts and increase export volumes;
- Organizing business forums and B2B meetings, that seek to facilitate negotiations between local and foreign partners, resulting in successful business transactions
- Organizing internal and external study visits;
- Organizing Export Missions that aim to promote export to selected target markets, facilitating export from the Republic of Moldova by attracting new customers and partners for local producers and exporters.

Referring to the other institutions and bodies that are mandated to support SMEs and enhance their opportunities in foreign markets, the following can be mentioned:

- Commercial Bureaus within embassies - represent entrepreneurs' interests abroad, carry out activities such as export promotion and investment attraction, including identification of fairs and exhibitions, B2B events with the participation of SMEs from the Republic of Moldova;
- National Institute for Standardization (NIM) - organizes trainings for domestic enterprises on standards and requirements for entering foreign markets.

E. Innovation Policy

62. Regarding measures other than those exclusively targeting SME, as they are covered under point D: Do incentive programmes for enterprises to increase their research and innovation activities, notably by engaging staff for such activities exist? Are there measures to support advisory and training services aimed at raising the innovation capacity of enterprises? Please describe them briefly and mention whether their evaluations are planned.

The National Agency for Research and Development (NARD) is the main public funder of research and innovation. The role of the National Academy of Sciences has refined its focus - it is mainly a consulting body advising the Government on science and innovation policy.

The Law No. 179/2016 on SMEs¹²⁰ dedicates an entire section to supporting innovation and internationalizing domestic firms. According to the law, government authorities are required to (a) facilitate collaboration between SMEs and academia; (b) facilitate adoption of new technologies by SMEs; (c) support capacity-building in research and innovation for SMEs; (d) facilitate the development of innovation support infrastructure for SMEs, including science and technology parks, industrial parks, ICT parks, business incubators, research laboratories, and information and consulting centres; (e) facilitate the cooperation of SMEs with large enterprises through cluster initiatives; and (f) simplify access to public research infrastructure, facilities and equipment for SMEs. In respect to this, the Organization for SME Sector Development (ODIMM) is a key institution in supporting and promoting enterprises' innovation training, as well as adoption of innovation processes and techniques, through the national or donor-funded programs. In respect to this ODIMM includes innovation principles in the training sessions and evaluation of the applications within the implemented state program. During the implementation of continuous training or training sessions within National Programs monitoring and evaluation processes are implied.

At the same time, the Enterprise Europe Network consortium is present in the Republic of Moldova, which offers support advisory and training services aimed at raising the innovation capacity of enterprises. The activities of the consortium are based on projects and are supported by the European Commission since 2015. The evaluation of each project is done after the final reporting. Last time the evaluation visit of the EU delegation to Moldova was in January 2020 and the project results were highly appreciated.

It is also worth mentioning that the Moldovan Government has adopted strategic documents governing RDI activities. The National Programme for Research and Innovation for 2020–2023¹²¹ is supported by an action plan that defines subsequent

¹²⁰Law No. 179/2016 on SMEs, available in Romanian at:
https://www.legis.md/cautare/getResults?doc_id=120932&lang=ro

¹²¹Government Decision No. 381/2019 on the approval of the National Program for Research and Innovation for 2020–2023, available in Romanian at:

steps for achieving policy objectives. Priorities of the national innovation policy align with other overarching policy objectives anchored in strategic documents on education, SMEs and industrial development. The Government is working on integrating the Sustainable Development Goals (SDGs) into the national innovation agenda and on aligning the National Development Strategy 2030 with innovation policy needs. Legal and institutional frameworks related to research and innovation are still nascent.

63. May research organisations co-operate in projects with enterprises, i.e., are there no legal obstacles to such co-operations?

As of the Government Decision No. 382/2019 regarding the Methodology of finance for research and innovation projects¹²² states that research organizations can cooperate in projects with enterprises, as well as enterprises can be leading partners in projects and the SMEs Law along with national programs are coming to encourage and support innovation, there is no fully fledged coordination mechanisms in place.

It is worth mentioning that, on the demand-side, policies also play a role in Moldova's innovation ecosystem. Among them, the law on public procurement introduces the concept of "innovation partnerships", whereby contracting authorities effectively create incentives to invest in innovation by committing to acquire a good or service that is not yet available in the market.

64. Please give available information on existing technology infrastructures that are accessible to enterprises or on plans to invest in such infrastructures. (See <https://data.europa.eu/doi/10.2777/316112>).

The technology ecosystem supporting start-ups in the Republic of Moldova is still developing, with only a few acceleration service providers in place to respond to the needs of the growing tech community. Although no specific policy framework defines technology accelerators, similar elements are applied through technology transfer centres under the EU-funded Tempus project, the Technology Transfer Network. Several acceleration programmes with established international connections support start-ups, mainly at the pre-seed and seed stages, including the Founder Institute Programme implemented by the DreamUps Innovation Campus and the Rockstart Launchtrack programme organized with the support of USAID and the Swedish International Development Cooperation Agency within the Moldova ICT Excellence Centre Project. Few domestic accelerators exist, so Moldovan start-ups using the services of foreign accelerators face the challenge of

https://www.legis.md/cautare/getResults?doc_id=115747&lang=ro

¹²²Decision No. 382/2019 regarding the Methodology of finance for research and innovation projects, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=128339&lang=ro

relocating to the host country after receiving seed capital. The Government supports innovation incubators, mostly located at the premises of universities and research institutes, along with the 11 business incubators created during 2009 – 2017.

Some of the technology infrastructures were set up under the Tekwill Project, with the support of USAID, Sweden, EU4Moldova and UNDP Moldova. One of these is FABLAB.

FabLab Chisinau - the first and largest MAKERspace in the country - covers an area of over 800 m², with tools for woodworking, metalworking, 3D printing, and working area¹²³.

ATELIER 99 is the space where innovative minds meet manufacturing equipment. 3D printers, laser, welding, woodcutting, electronic, programing, all kind of equipment is available here for people willing to create. A99 is a place for pure enthusiasts willing to develop projects with positive social impact. Engineers, programmers, designers, architects, artists, doctors — anyone who is passionate about technology and creation (<https://imago.md/eng/portofoliu/identity/atelier-99>).

Center for Innovation and Technology Transfer in Bălți – the construction is almost completed¹²⁴.

The institution will have a positive impact on the over 4,500 students of the University Alecu Russo of Balti, who will benefit from laboratories, 3D printing areas, robotics, microelectronics, etc. Also, companies in the field of IT, creativity and automotive in the region will be able to create collaboration projects, research and technological development within the Center. The main purpose of the Center is to create a favorable and innovative business environment in the region.

Thus, CITT will be the most equipped of the series of centers of excellence in the field of industry such as: Tekwill, ArtCor, Fablab, ZIPHouse and Class of the Future.

65. Is there any policy, legal or regulatory framework to turning research output into new goods, services and business models, which is reported neither under point D nor in your answers to chapter 25, which you consider noteworthy for industry policy?

There is no such information that is not reported under point D or in the answers to Chapter 25.

¹²³ <https://fablab.md/about>

¹²⁴ <https://www.moldpres.md/en/news/2021/12/07/21009399>

II. ENTERPRISE AND INDUSTRIAL POLICY INSTRUMENTS

A. Participation in EU programmes

66. Brief description if relevant of participation in the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014-2020) and the Enterprise Europe Network (EEN): participants, experiences/results (as applicable).

Moldova was the first Eastern Partnership country to join COSME. ODIMM, as a member of the Business-ENN consortium, has been implementing EEN's activities as a full member since 2015. The purpose of the network is to help businesses innovate and implement international standards. It is the largest support network in the world for small and medium-sized enterprises (SMEs) with international ambitions. The network is active in more than 60 countries around the world. It brings together 3,000 experts from more than 600 member organizations - all renowned for their excellence in business support. Within COSME, ODIMM is implementing CEnTOUR project, focused on circular economy and collaborative consumption. This COSME project aims to implement a capacity building and support scheme for SMEs of the tourism sector in five European countries (Italy, Spain, North Macedonia, Moldova, Greece) that will lead them to reach different levels of Circular Economy innovations within a transition system perspective.

Over the last 7 years in EEN, the Republic of Moldova has benefited from:

- Advisory and support activities for SMEs and other relevant target audiences on matters related to specific legislation and programmes.
- More than 30 tailor-made consultancies to scale-up the businesses, as well as more than 500 informative consultations on SMEs digitalization, women entrepreneurship, greening and internationalization tools.
- Relevant information on SMEs digitalization, women entrepreneurship and green economy offered to entrepreneurs.

B. Directive 2011/7/EU to combat late payments in commercial transactions

67. Please explain the domestic legislation on the issue of late payment in commercial transactions between businesses (B2B) and between public authorities and businesses (PA2B) (when public authorities are debtors).

The delay in the execution of obligations resulting from contractual relations between professionals, and between professionals and public authorities, is regulated by the provisions of Art. 862, 942 and 945 of the Civil Code of the Republic of Moldova. In this regard, it should be noted that the legislation of the Republic of Moldova is in line with Directive 2011/7/EU.

68. Please provide the state of play of alignment with the Directive and plans for further alignment. In particular indicate:

a) the maximum payment terms laid down in the national law for payments B2B and PA2B,

The maximum payment term is regulated within Art. 862 of Civil Code of the Republic of Moldova¹²⁵, as follows:

- The term for the execution of pecuniary obligation, established in the contract concluded between professionals, which has as object the delivery of goods, the execution of works or the provision of services, may not exceed 60 days.
- The time limit for the performance of pecuniary obligation by a public authority or other legal person governed by public law or by their associations, laid down in the contract concluded with a professional, which has as its object the delivery of goods, the execution of works or the provision of services, may not exceed 30 days.

b) whether e-invoicing is present

The Civil Code does not contain express provisions in this regard, however e-invoicing could work in the light of the general provisions of the Code regarding the use of electronic documents.

c) the statutory rate for interests in case of late payments,

The default interest rate is equal to the base rate of the National Bank of Moldova plus 5 percentage points per year, if the debtor is a consumer, or 9 percentage points per year in other cases. However, if before the due date the pecuniary obligation was bearing an interest provided for in the contract, for the purpose of determining the default interest rate, the creditor may replace the base rate of the National Bank of Moldova with the interest rate provided by the contract.

d) whether compensations are automatically paid in case of late payments (and the amount)

The interest rates operates by law, without the need for additional actions by the creditor - professional.

¹²⁵Civil Code of the Republic of Moldova, No. 225/2003, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130805&lang=ro

e) provisions on expedited judicial procedures to obtain executive orders in case of delayed payment

The particular legal provisions regarding the judicial procedures by which court orders may be obtained regarding the collection of sums of money are regulated in the content of Art. 344-354 of the Code of Civil Procedure of the Republic of Moldova¹²⁶.

The request for the issuance of the court order is submitted to the court, after observing the preliminary procedure.

The court order is issued by the judge within 5 days from the date of filing the lawsuit, after examining the case on the merits, without summoning the parties for explanations, without judicial debates and without drawing up minutes.

f) whether systems are in place to collect statistics on average payment periods in both payments Pa2b and B2B

Statistics on average payment periods in both payments Pa2b and B2B at present are not generated by any institution in the national statistical system.

¹²⁶Code of Civil Procedure of the Republic of Moldova, available in Romanian at: https://www.legis.md/cautare/getResults?doc_id=130805&lang=ro

III. SECTOR POLICIES

69. Are the authorities implementing sector specific strategies or support programmes? Please list them and outline the types of measures they encompass.

- Organization for Small and Medium Enterprises Sector Development (ODIMM) – contributes to enhancing the competitiveness of the national economy by supporting the development of the SME Sector.
- Agency for Intervention and Payments in Agriculture (AIPA) - manages the resources of the National Agricultural and Rural Development Fund, as well as the resources of the development partners allocated for managing and also to carry out the intervention measures for the agricultural sector.
- National Agency for Research and Development (ANCD) – implements state policy in the fields of research, innovation and development, as well as sectoral strategies.
- National Agency for Employment (ANOFM) – increases employment opportunities for jobseekers and supports employers in identifying the skilled workforce and creating new jobs.
- The Moldovan Business Incubators Network (RIAM) – promotes the role of Business Incubators in economic development and their recognition at national and international level.
- Regional Development Agencies (ADR) Center/North/South/Gagauzia – ensure the execution of the framework for planning, evaluation and implementation of the regional development policy.
- Moldovan Investment Agency – develops platforms and promotional tools to support the business environment in the Republic of Moldova and facilitates inter-institutional dialogue for foreign investors, by establishing collaborative partnerships with all stakeholders.
- Free Economic Zones (FEZ) – is an investment attraction tool for foreign and domestic investors, whose activity is mainly oriented towards industrial production with high added value, focused on export.
- Industrial Parks – delimited territory that has technical and production infrastructure, where economic activities are carried out, mainly industrial production.
- Moldova IT Park - the Park provides an organizational platform with a set of innovative tools and new approaches to accelerate, in a coordinated manner, the transformation of economy, streamlining corporate innovation practices, boosting the growth of the IT industry, supporting partnerships, creating new jobs and attracting local and foreign investment..

70. How are specific industrial branches (i.e., foodstuffs, wood processing, pharmaceuticals etc.) involved in the policy making process, both in terms of ministries competent for the branches as well as enterprises and other stakeholders?

According to the existing regulatory framework, business representatives from all branches have the right to participate in the policy-making process in the field regulating the activity of these enterprises. According to the provisions of the law no.100/2017 on normative acts[83], the draft of normative acts are developed by the public authorities empowered to initiate them, according to the programs and plans approved in the manner established by the law, as well as at the request of the Parliament, the president of the Republic of Moldova, the government or on their own initiative.

The draft of normative act, accompanied by the informative note, shall be submitted for approval to the public authorities responsible for implementing the provisions contained in the draft, to the interested institutions, as well as to the representatives of civil society, who draw up and present their opinions to the author of the draft. The draft of normative acts elaborated by the specialized central public administration authorities, autonomous public authorities or local public administration authorities are publicly consulted. Following the public opinion and consultation(s), the author of the project draws up the synthesis of objections and proposals of public authorities, as well as the synthesis of recommendations of representatives of the civil society.

Taking into account the above-mentioned provisions, it should be specified that after the publication of the draft normative act, the representatives of the business environment are entitled to submit proposals for its improvement to the author of the draft.

The author is obliged by law to examine the received proposals and to accept, by amending the text of the draft, or to reject by evoking the arguments for the rejection.

If, following public approval and consultation, the draft of normative act has been supplemented with new aspects and concepts or if more than 30% of the text of the draft of normative act has been amended, it must be submitted repeatedly for public approval and consultation.

71. Are annual reports published about implemented programmes that inform anonymously about beneficiaries and their main characteristics like size, region of location, or specific subsector? Are impact evaluations for strategies or measures planned and budgeted?

There are published reports about implemented programmes.

At the end of every year, ODIMM prepares and places on its official website <https://odimm.md/ro/e-biblioteca/rapoarte> - the Annual Report of the Organization for Small and Medium Enterprises Sector Development. The report states the progress and the results achieved, during the reporting period, regarding the number of SMEs that have financial support in the form of a grant, the volume of investments attracted in the economy, the number of jobs maintained and created, the main economic sectors supported and their territorial distribution.

In this context, the Agency for Intervention and Payments in Agriculture (AIPA), the institution that manages and carries out the intervention measures for the agricultural sector, also prepares annual reports regarding the analysis of the progress made and the monitoring of the subsidies granted:

http://aipa.gov.md/sites/default/files/Raport%20de%20activitate_AIPA_2021.pdf

<http://aipa.gov.md/sites/default/files/Raport%20gestionare%20FNDAMR%202021.pdf>