



NATIONAL BUSINESS AGENDA 2012 – 2013 IMPLEMENTATION AND MONITORING REPORT

(FOR NOVEMBER 2011 – OCTOBER 2012 TIME PERIOD)

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Abbreviations

NBA – National Business Agenda
CCI – Chambers of Commerce and Industry
TC – Tax Code
CC – Customs Code
WGM – Working Group for the Monitoring of the Implementation of NBA 2012-2013 Priorities
GD – Government Decision
MAFI – Ministry of Agriculture and Food Industry
ME – Ministry of Economy
MF – Ministry of Finance
MTRI – Ministry of Transport and Road Infrastructure
GAP – Government Action Plan
RM – Republic of Moldova
AIS – Automatic Information Service
STS – State Tax Service
CS – Customs Service
ICT – Information and Communication Technology
EU- European Union
DCFTA – Deep and Comprehensive Free Trade Agreement

Summary

What is the monitoring of the NBA 2012-2013?

The National Business Agenda represents a common platform of over 30 of the most representative business associations and Chambers of Commerce and Industry in Moldova, reunited within the network with the aim to influence policies and practices of the public authorities in the field of business regulation. The scope of these efforts is to build a fair and competitive environment that would stimulate business in the Republic of Moldova. The monitoring of the NBA priorities is essential for achieving the platform objectives. The desired result is to eliminate a greater number of limitations and barriers that stand in the way of entrepreneurship as well as including more priorities of the business on the agenda of the authorities responsible for the elaboration of public policies.

Monitoring objectives

In order to evaluate the degree to which the priorities included in the NBA 2012-2013 were achieved, all the stages of the decision-making process of developing and implementing the policies and regulations by the government were monitored. Another goal of the monitoring is the evaluation of the way in which the business is given the possibility to interfere in the decision-making process by means of public consultations or other tools of the public-private dialog and advocacy. In this scope the monitoring has established the following **objectives**:

- The evaluation of the degree to which the priorities of the National Business Agenda were achieved and of the evolution recorded in their implementation;
- Identification of the priority fields of intervention by means of advocacy tools;
- Assessment of the level of convergence between the business agenda and the agenda of the authorities through comparative evaluation of the public policy documents and periodic reports;
- Identification and proposal of solutions that would remove the obstacles to the implementation of the National Business Agenda priorities as well as the shortcomings in legislation which don't allow for an efficient public-private dialog.

Monitoring tools

The NBA team has monitored the implementation of the 2012 – 2013 NBA recommendations in the **fiscal and customs** fields as well as in the four sectors of the national economy: **information and communication technologies (ICT); agriculture business and wine making, transport and construction.**

For this purpose the following tools were used:

1. Working group meetings aimed to monitor the implementation of the 2012-2013 NBA priorities, consisting of representatives of business associations and CCI;
2. Detailed interviews with the representatives of business associations and public authorities. For this purpose the NBA team held meetings with the leaders of business associations and the representatives of ministries in the fields regarded by the NBA;
3. Questionnaires intended to evaluate the implementation of the 2012-2013 NBA priorities, which were distributed to the members of business associations and CCI. The questionnaires include four possible answers regarding the progress recorded in the implementation of the NBA priorities

- („implemented”, „partly implemented/in the process of implementation”; „with no changes” and „the situation has worsened”), as well as space for comments on the chosen answer;
4. The examination of the program activity, progress and implementation reports, as well as other public policy documents of the authorities that are important for the priorities monitored by the NBA;
 5. Tracking and presenting legislative changes in the fields monitored by the NBA by the monthly NBA bulletin;
 6. Accessing the web-sites of the Parliament, Government, ministries, agencies and public authorities with expertise in the fields monitored by the NBA.

The public-private dialog in the Republic of Moldova and the stages of intervention of the business in the decision-making process

The National Business Agenda (NBA) is intended to take active part in the public-private dialog (PPD) in order to ameliorate the economic policies and to facilitate the development of entrepreneurship in the Republic of Moldova. The lack of a public-private dialog has led to an enormous discrepancy between the Government Agenda and the NBA. The amelioration of the public-private dialog is a priority for the Republic of Moldova for two reasons: to improve the transparency of the decision-making process and to adopt the legislations needed by the business community.

The representatives of the business have often expressed their dissatisfaction with the fact that the business had been ignored or only consulted as a formality and that the recommendations given by the latter had not been taken into consideration and thus couldn't change the pre-established decision of the public authorities.

The main causes of the lack of an efficient public-private dialog between the public authorities and the business are:

- Failure of the government representatives to respect the legislative provisions regarding the decision-making process;
- Gaps and contradictions in the legislation regarding the decision-making process;
- Shortcomings of the institutional frame;
- Insufficient development of the private-associative sector;
- Lack of expertise capacity of the business community.

The business community has to take part at all the stages of the decision-making process, both in public policy planning and the process of elaboration, implementation, monitoring and evaluation. Business associations should form a „common voice” in the process so that public authorities ask the opinion of the private-associative sector regularly, while the latter would constantly offer information regarding the problems and necessities of the business community.

To what extent are the NBA priorities present on the public authorities' agenda?

The low quality of the PPD in the past period of time has affected the degree of implementation of the 2012 – 2013 NBA priorities directly. This fact is confirmed by the enormous discrepancy between the two monitored agendas: the public authorities' and the NBA. Thus, only three **of the 13 priorities of the 2012 – 2013 NBA in the fiscal and customs areas** can be traced in the Government Action Plan. For two of the NBA priorities some actions are found in the „Action plan on the removal of non-tariff barriers in commerce”, approved by GD nr.824 of 07.11.2011 and in the „Strategic development program of the Customs Service for 2012 – 2014”. Slightly greater is the number of **NBA sector priorities** that are found on the public authorities' agenda, but this is only valid for the ITC and the agriculture and wine-

making sectors. At the moment the priorities of the business in the transport sector are scarcely found on the governmental agenda.

Degree of implementation of the 2012 – 2013 NBA priorities

Of the 13 NBA priorities in the fiscal and customs areas only three have been considered by the NBA representatives as „partly implemented/in the process of implementation”. No changes have been noticed concerning other seven; while regarding three more priorities, the NBA members have noticed a regress.

The most notable progress has been registered in the field of *optimization of the compulsory reporting procedures*, especially after the „Electronic declaration” and the „One-stop shop for receiving tax reports and taxpayer service” projects have been launched.

Regarding *simplifying customs procedures*, the representatives of the business welcome the introduction of the prior tariff decision in accordance with the "Instruction on the procedure for completing and reviewing requests for prior tariff decision" approved by the Customs Service Order no. 80-O of 28.02.2012, whereby firms can obtain the prior decision of the customs authority on the correct classification of goods.

The Government draft resolution, drawn up by the Ministry of Economy on revising the regulations of the Customs Service is also a much expected improvement to the business environment. The project goal is to achieve the conformity of regulations of the Customs Service with the existing legislation. At the same time, the project aims to eliminate the practice of making orders that govern business activity without first consulting business representatives and without any publications in accordance with the legal provisions in force.

There has also been progress regarding the implementation of the procedure for simplified customs control by establishing the "green corridor", "trusted economic operator" and "authorized economic operator" categories and implementation of an on-line monitoring system of vehicle traffic at border crossing points.

Another document in accordance with the expectations of the business community is the Customs Service Regulation on simplified customs procedures on the basis of selective customs control. According to the Regulation, any legal entity that corresponds to the stipulated conditions will be able to request the status of a beneficiary of the simplified procedure, fitting into one of the categories: 1) economic agent with low risks; 2) economic agent with custom clearance at home; 3) trusted carrier. Nevertheless, the representatives of the business note that the criteria of selection of the economic agents who would benefit from the simplified customs clearance are in contradiction with the spirit and intentions of the SME sector development.

As for the *recognition of international certificates of conformity and improving of procedures for certification of conformity*, NBA members have noted an improvement especially regarding the elimination of sanctions applied to economic agents for goods storage for the time of certification and regarding the adoption of European and international standards.

No progress has been noticed regarding seven priorities: *applying the presumption of innocence of the business in relation with control bodies; offering companies the possibility to register as VAT payers without capping conditions; stimulating the import of new technology; stimulating the increasing of the employees' professional qualification; increasing the transparency of the Customs Service activity and the predictability of customs procedures; reducing taxes applied to vital activities for sales stimulation (marketing, advertising); assuring the transparency of the way in which the customs value of goods is calculated.*

Regarding three of the NBA priorities a regress has been noticed in comparison with the period of their formulation, June-September 2011. The regress is represented by *the augmentation of fines for the unintentional violations of fiscal norms, disproportionate with the direct damage to the state*. Also VAT and customs tax exemptions have been eliminated for long-term assets included in the statutory fund. The preservation of incentives for capital investments (expenditures), except those consisting of buildings and vehicles, according to art. 101¹ of the Tax Code is not able to offset the elimination of the exemptions mentioned. Regarding the *automatic application of the maximum transit time*, NBA members have noted that the situation has worsened, based on the frequent cases when the transit time was limited, which represents an infringement of international agreements signed by the RM, regarding drivers' work and rest regime.

Somewhat greater is the number of NBA sector priorities whose implementation noted a progress. Nevertheless, as in the case of the policy agenda, this is rather valid for the ICT sector (actions in the process of implementation for four of the five priorities) and the agricultural and wine-making sector (we have not found activities in progress only for one priority, which is the granting of tax incentives).

The situation is less promising in the transport and construction sector. Of the seven priorities on the transport sector agenda, progress has been noticed only regarding some actions connected to the elimination of border barriers for international cargo transportation and in simplifying customs procedures. Regarding three other priorities, some actions have taken place, but they have not changed the situation and the attributed qualifier significantly (the increase of penalties for illicit transportation of passengers; improving the system of passenger transport licensing; reducing the VAT for the import of vehicles for the transportation of passengers and debt repayments for the transportation of some categories of passengers). As for the construction sector, although the law on public acquisitions has been modified in compliance to the suggestions of sector associations, most of the times these provisions are not respected. For two other priorities (adopting the law on housing and the Constructions code), the draft legislations have been developed, but they are still under discussion and for the moment it is not possible to talk about their practical effect.

National Business Agenda 2012 - 2013

Priority areas	Necessary solutions	Degree of implementation
Fiscal policy and administration	1. Optimizing mandatory reporting procedures and implementing effective information systems in the payment of taxes.	<i>Partially implemented/In the process of implementation</i>
	2. Applying the presumption of innocence for the business in relation with the control bodies.	<i>No changes</i>
	3. Exclusion of exaggerated penalties for cases of unintentional infringement and the lack of direct damage to the state. Introducing a balance between the sizes of the damage caused, and the one of the penalty applied.	<i>The situation has worsened</i>
	4. Offering companies the possibility to register as VAT payers immediately after registration, without any capping conditions.	<i>No changes</i>
	5. Stimulating the import of new technology (including the import of software products), by reducing the tax burden.	<i>No changes</i>
	6. Stimulating the growth of employees' professional qualification by allowing the deduction from the taxable income of educational and staff training expenses.	<i>No changes</i>

	7. Reducing taxes for activities vital for sales stimulation (marketing, advertising and promotion, etc.) and for creating adequate work conditions for the employees.	<i>No changes</i>
Customs policy and administration	8. Increasing the transparency of the Customs Service activity and the predictability of customs procedures and payments.	<i>No changes</i>
	9. Simplifying the procedures and reducing the number of documents for export operations.	<i>Partially implemented/In the process of implementation</i>
	10. VAT exemption for the import of production machines and equipment. VAT exemption for the import of spare parts for repairs covered under warranty.	<i>The situation has worsened</i>
	11. Applying the maximum transit time provided by the customs legislation automatically, allowing for modifications only in exceptional cases after a written explanation of the motives.	<i>The situation has worsened</i>
	12. Ensuring the transparency of the way in which the customs value of goods is calculated. The transfer of the duty to demonstrate the incorrectness of the customs value from the declaring party to the customs authority.	<i>No changes</i>
	13. Recognition of international certificates of conformity issued by countries with which Moldova has signed mutual recognition agreements.	<i>Partially implemented/In the process of implementation</i>

What is the monitoring of the NBA 2012-2013 priorities?

The National Business Agenda is a common platform that unites 30 of the most representative and influential business associations and chambers of commerce and industry of the Republic of Moldova, which, through their active and transparent participation at all the stages of the public-private dialog (PPD), try to influence public policies that regulate business. The aim of this joint effort is to take part in the creation of a fair and competitive business environment that would stimulate the business development in the Republic of Moldova

The main tools used for this are: the lists of priorities of the business environment (NBA 2009, NBA 2010, NBA 2012-2013), the process of public consultations on draft laws and normative acts that have an impact on entrepreneurship, as well as public debates and transparent discussions with public authorities on the topics of major interest for business representatives. The monitoring of NBA priorities is a continuous process of tracking policies and practices of implementation of regulations in the business sphere. This is the main tool for assessing the progress in achieving the platform's objectives, which must result in the elimination of a greater number of restraints and barriers in the way of business and the inclusion of a greater number of priorities of the business on the public authorities' agenda.

Aims and Objectives of the Monitoring

Monitoring is an important stage of the NBA network activity and is an essential tool for evaluating the degree of implementation of the NBA priorities and the way in which the aims and measures of intervention are adjusted and planned. The priorities that were identified and included in the 2012-2013 Agenda were monitored by the NBA team through all the stages of the decision-making

process in order to assess their implementation, as well as represent the position of the business community in the decision-making process, during consultations, or other stages.

The monitoring process tracks the following objectives:

- Assessment of the degree of implementation of the National Business Agenda priorities and the evolution of their implementation;
- Identification of priority fields for intervention through advocacy tools;
- Assessment of the level of convergence between the agenda of the business community and the authorities' agenda, through a comparative analysis of the public policy documents and periodical reports;
- Identification of obstacles in promoting business priorities and highlighting legislative gaps that do not allow for an efficient public-private dialog, as well as suggesting recommendations and solutions for their elimination.

Methodology for the Monitoring of the Implementation of the NBA 2012-2013

IDIS „Viitorul” has monitored the implementation of the NBA 2012-2013 priorities, using several tools:

1. Work group meetings for monitoring the implementation of NBA 2012-2013 priorities. The work group consists of representatives of NBA member associations and CCI which, according to the NBA work group regulation, are voluntarily delegated by associations and CCI. Several work group sessions have been organized during the monitoring process.
2. Direct interviews with the representatives of business associations and bodies of public authority. The IDIS „Viitorul” team has had meetings with leaders and representatives of business associations, as well as representatives from ministries. During these, the evaluation of the degree of implementation of NBA 2012-2013 priorities has been evaluated for each of the target fields and specific actions and measures taken by the responsible authorities and the degree of their implementation have been discussed;
3. Surveys for monitoring the implementation of NBA 2012-2013 priorities. In order to evaluate the degree of implementation of the NBA 2012-2013 priorities and assess the perception of the NBA network members and partners regarding the noticed progress, the IDIS „Viitorul” team has developed detailed surveys for each of the five monitored agendas – NBA 2012-2013 on fiscal and customs policies and administration, and four sector agendas (for the ICT sector; Agricultural Business and Wine Industry Sector; Transport sector and Construction sector). Surveys include four degrees of the evaluation of the progress in implementing NBA priorities („Implemented”, „Partially implemented/In the process of implementation”, „without changes”, „the situation has worsened”) and have been distributed to NBA members and partners. Also, each participant was asked to include comments on the actions that were implemented or are in the process of implementation, or, on the opposite, that created additional impediments in the way of business, for all of the monitored aspects;
4. Activity, progress, and program implementation reports, as well as other authorities' policy documents, relevant for the monitored NBA priorities. Among these:
 - Government Action Plans and Programs for 2011-2014 and 2012-2015;
 - Government report on the implementation of the Government's activity program "European Integration: Freedom, Democracy, Welfare" 2011-2014, for the period from 14 January 2011 to 14 January 2012;

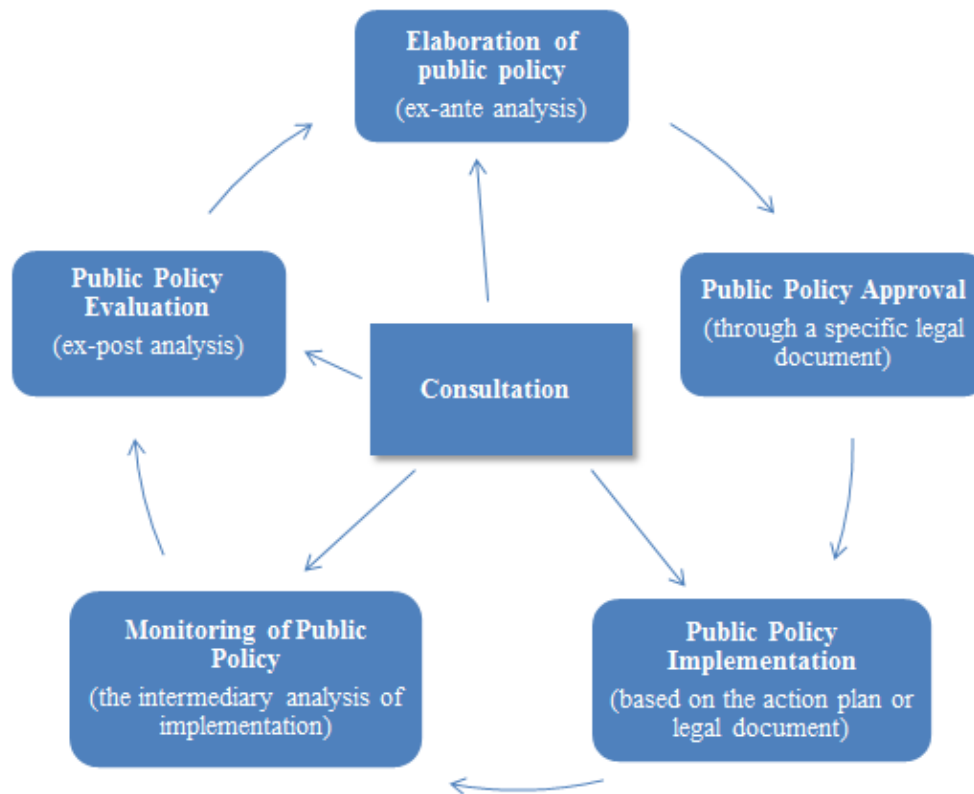
- The plan for the State Tax Service development for 2011-2015;
 - State Tax Service Activity Report for 2011;
 - The program for Customs Service strategic development for 2012-2014;
 - Customs Service Activity Report for 2011;
 - Ministry of Economy Activity Report for 2011;
 - Report regarding the implementation of the 2012 - 2015 Government Action Plan in the first semester
 - Semester Progress Report nr. 1/2012 of the action plan regarding the removal of non-tariff barriers to trade, approved by GD nr. 824 of 07.11.2011.
5. Monthly bulletin of legislative modifications, that tracked the modifications of the legislative framework in the fields monitored by the NBA;
6. Accessing the web sites of the Parliament, Government, ministries and public agencies and authorities with expertise in the fields monitored by the NBA, in order to track legislative modifications and consult normative documents relevant for NBA priorities.

Public-Private dialog in the Republic of Moldova and the stages of intervention of the business in the decision-making process

The National Business Agenda (NBA) aims to participate actively in the public-private dialog (PPD), in order to improve the economic policy framework and to facilitate business development in the republic of Moldova. Business association members of the NBA express their wish to be involved in the decision-making process in the most efficient way possible. In order to do this, it is necessary to establish a transparent public-private dialog (PPD) between the public authorities and representatives of the business community.

The Republic of Moldova has the legal framework necessary for a public-private dialog. Several legislative-normative and institutional measures have been taken to this end, aimed to establish an effective system for decisions' transparency which assures the involvement of the civil society in the decision-making process. The national legislative framework contains several provisions which regulate the participation of the civil society in the decision-making process, enclosed in a series of normative acts. The law regarding the transparency of the decision-making process nr.239 – XVI of 13.11.2008 and the Regulation regarding the procedures assuring the transparency of the process of elaborating and adopting decisions, adopted by the Government Decision nr. 96 of 16.02.2010, represent the main normative acts which regulate the way in which the public-private dialog takes place, with the direct involvement of business associates in the decision-making process.

The civil society, specifically the business community, must participate actively in all the stages of the decision-making process. This fact implies a direct involvement both in the planning of public policies, and in the process of elaboration, implementation, monitoring and evaluation.



The main tool of the public-private dialog is consulting the civil society, particularly the business community. Consultations are essential for the quality of public policies because it increases the chances of their implementations in optimal conditions. There are different ways of consulting and assuring the transparency of the elaborated public policies. The business community can interfere with suggestions during public consultations at two stages:

1. The stage of initiation of decision elaboration, in the case of decisions subject to ex-ante analysis or draft decisions of major social interest, especially by creating work groups with the participation of the representatives of the parties involved.

The authorities are responsible of informing the business community about the initiation of elaboration of a decision that regulates business activity. The business can promote its own point of view within a work group with the intention to solve the problems it faces in the real world.

2. After the draft decision is made, by presenting recommendations, public debates, public auditions, surveys, expert opinions etc.

The authorities have the responsibility to consult the opinion of the business representatives when examining draft decisions that can impact their economic activity. Also authorities have the obligation to publish the recommendations on their web site and/or spread the synthesis of the recommendations received through other means. The business community has often expressed its dissatisfaction with being neglected or with the fact that it is consulted only formally so that the recommendations are not taken into consideration and the initial decision of the authorities remained unchanged.

Obstacles and difficulties in the public – private dialog

The obstacles and difficulties faced in practice are the consequences of *the non-observance of the provisions* stipulated by the Law regarding the transparency of the decision-making process. Also, causes of these obstacles are the *gaps and contradictions* in the normative acts that regulate the decision-making process. Among these we can note the following aspects:

- public authorities often fail to inform the interested parties about the initiation of elaborating a decision, which limits the possibility of the business to participate in the elaboration of a draft decision within a work group, and to promote its point of view in order to solve the problems it faces in practice;
- not all the ministries have published the general list of the interested parties, which includes business associations, despite the fact that public authorities have to establish, to uphold and to constantly update such a list. The interested parties, including business associations, have to be notified about the examination of draft normative acts that will regulate the business activity in all the possible ways;
- the lack of information on the web sites of some public authorities, regarding the person who is responsible for the coordination of the process of public consultation;
- the existence of an exception from the general rule of public consultation on the draft normative acts (especially the drafts of acts subordinate to laws or departmental acts), which lets the public authorities decide upon the initiation of a public consultation. This can lead to adopting a normative act that regulates business activity and has an impact on the business environment without taking into consideration the opinions of business associations and other parties. An example would be the one of the Orders of the Customs Service Director, which stipulate rules of law in the customs activity which affect economic agents, but are not subject to public consultations;
- public authorities fail to publish on the web site and/or to disseminate in some other ways the synthesis of the recommendations received from the business community. This is why it is impossible to find out which recommendations have been accepted and which have been rejected, as well as the reason for their rejection.

Difficulties and obstacles regarding the transparency in the decision-making process are also noticeable in Parliamentary activity. From the moment they are introduced and registered in the Parliament, due to gaps in Parliament Regulation and other normative acts, draft laws are accepted and put into action despite the fact that they do not have the set of documents that need to accompany a draft law (table of divergence, recommendations, opinions, act of analysis of the regulation impact, etc.) There are cases when draft laws – in this case, draft laws that regulate and aim to improve the business environment in the Republic of Moldova – are examined by Standing Committees with a late notice that exceeds the 60 days established by law, or are put by the Standing Bureau on the Parliament meeting agenda very late, with no grounds. Further on, the process of public consultations on the draft legislative acts within standing committees is difficult and faulty, which limits the possibilities of the business environment to express their position and formulate recommendations. Finally, the synthesis of the recommendations received during public consultations is not published on the Parliaments web page, as it is stipulated by the Parliament Regulations.

The draft law on normative acts is a development mechanism which can incite the public-private dialog. This draft law, developed by the Ministry of Justice, aims to improve and optimize the legal framework of the process of development of normative acts and will substitute the regulations of the Law regarding legislative acts and those of the Law regarding the normative acts of the Government and other authorities and of the central and local public administration. The draft law brings significant improvement to the whole decision-making process and the suggested modifications would improve the process of developing, adopting and implementing normative acts relevant for the business environment. Among these we could note:

- the establishment of mandatory public consultation on specific normative acts of central and local authorities as a compulsory stage of the decision making process;
- the recommendations of the business representatives and of other interested parties will not be subject to arbitrary and unjustified rejection: the public authority, or work group, will have to motivate the rejection of the recommendations received during public consultations;
- the establishment of mandatory economic and financial expertise in order to eliminate the discrepancies that currently exist among several normative acts subordinate to laws;
- the mandatory development of the act of analysis of the impact of regulation is established for the draft normative acts that regulate business activity.

Given the importance of this draft law that can solve existing problems and improve the decision-making process, the NBA platform has formulated several suggestions and recommendations for the draft law on normative acts, among which:

- ✓ The necessity to obligatorily publish the documents that accompany the normative act throughout the whole process of development and adoption (table of divergences, recommendations and opinion) with the indication of the bodies responsible for their publication on every stage of the decision-making process and the publishing terms;
- ✓ The establishment of penalty in the form of returning/resending a draft normative act to the responsible institution in case a stage or a document from the folder accompanying the draft normative act has been omitted, therefore assuring compliance with the decision-making process.

The other recommendations of the business representatives for the draft law on normative acts can be found in the Appendix; the document is copied in full, in the form in which it has been registered at the Ministry of Justice.

The lack of the public-private dialog led to an enormous discrepancy between the Government Agenda and the NBA. A priority for the Republic of Moldova is the improvement of the public-private dialog that will lead to the increasing of the transparency in the decision-making process and to adopting the needed legislative acts in the business sphere at acceptable quality standards. As a result of an efficient public-private dialog between the business and the Government, the NBA priorities will find their way on the working agenda of public authorities.

During the participative process, business associations should form a „common voice”, so that public authorities regularly require the opinion of the private-associative sector, and the latter would constantly provide information regarding the problems and necessities of the business community.

Solutions for improving the public-private dialog (PPD):

1. Improving the normative framework regarding the dialog between the business representatives and authorities, so that it doesn't become a mere formality;
2. Development and adoption by public authorities of internal rules of information, consultation and participation in the process of developing and adopting decisions;
3. Designation and publication of the information on the web pages of public authorities, regarding the person responsible for the coordination of the process of public consultations;
4. Preparation, maintenance and updating by the authorities of the general list of interested parties, which includes business associations;
5. Informing business associations about the initiative of developing a decision and examining draft decisions;
6. Publishing the synthesis of the recommendations received from the business community and the position of public authorities regarding the acceptance or rejection of recommendations, as well as the arguments for the rejection if that be the case;

7. Strict controls conducted by the State Chancellery and public authorities regarding compliance with legal provisions concerning the transparency of the decision-making process and penalizing responsible people in case of infringement;
8. Adoption by the Parliament of the Law on normative acts, taking into consideration the recommendations previously made, in order to initiate an improvement of the entire decision-making process;
9. Establishing an Independent Council of Experts that would perform the expertise of the normative acts in order to improve their quality and, subsequently, monitor their implementation;
10. Representing business associations in the Economic Council by the Government, or in the Independent Council of Experts, in order to promote the priorities of the business more efficiently;
11. Correct emphasis on the priorities of the business and initiating relevant PR/advocacy actions;
12. Inclusion of the business representatives in the list of participants at the evaluation of the impact of policies and laws.

Degree of implementation of the NBA 2012-2013 priorities in the fiscal and customs areas

The quality of the public-private dialog recently has had a direct impact on the level of implementation of the NBA 2012 – 2013 priorities. NBA has repeatedly claimed attention to the extremely low quality of the public-private dialog during public discussions, and other occasions. NBA has highlighted the numerous cases when the authorities did not comply with the legislation regarding the transparency in the decision making process, refused or ignored invitations to public discussions with business associations and civil society, as well as the enormous discrepancy that exists between the two agendas: the one of the authorities, and that of the business. Thus, in the Government Action Plan (GAP) there are several actions for only three of the 13 NBA 2012-2013 priorities in the fiscal and customs areas. Slightly greater is the number of common sector priorities, but these rather refer to the agricultural sector and ICT, while business priorities from the construction and transport sectors are almost not present in GAP.

For two of the NBA priorities there are specific actions found in the „Action plan on the removal of non-tariff barriers to trade”, approved by GD nr. 824 of 07.11.2011 and the Program for the strategic development of the Customs Service for 2012- 2014. The table below represents a summary of the monitoring of NBA priorities in the areas of fiscal and customs policies and administration. Every priority received a mark based on the evaluation of the NBA members and partners, and based on the answers received during direct interviews and surveys. There is also a detailed representation of the progress regarding every suggested solution within the 13 priorities included in the 2012 – 2013 National Business Agenda. A detailed description of the degree of implementation of the solutions in the fiscal and customs areas that were suggested by the business community can be found in table 1 below:

TABLE 1 National Business Agenda 2012-2013

	NBA Priorities	Indicators of Performance	Degree of implementation
Fiscal policy and administration	1. Continuous optimization of the procedures of mandatory reporting of the business to the public authorities, increasing the efficiency and speed of the process and implementing efficient informational systems in tax collection, including the e-government mechanism	- Establishing the One Stop shop for receiving tax reports and taxpayer service;	<i>In the process of implementation</i>
		- Developing an official commentary to the Tax Code;	<i>The situation has worsened</i>
		- Accomplishing the inventory of all the normative acts in the fiscal administration sphere (implementing the Guillotine of normative acts);	<i>The situation has worsened</i>
		- Bringing all the subordinate acts in the sphere of tax administration in conformity with the legal provisions (implementing the Guillotine of sub-normative acts);	<i>No changes</i>
		- Presenting the majority of reports in electronic format	<i>Partially implemented</i>
	2. Applying the presumption of innocence of the business in relation with the control bodies (the Tax Inspectorate)	- Eliminating the plan regarding budget collections from fines and penalties;	<i>No changes</i>
		- Clear delimitation of the functions and prerogatives of the bodies empowered with fiscal control functions;	<i>No changes</i>
		- Eliminating the legislative gaps that allow the public servants to interpret the normative acts arbitrarily;	<i>No changes</i>
		- Establishing a mechanism of personal and institutional responsibility for public servants;	<i>No changes</i>
		- Establishing a norm according to which the guilt of the economic agent is determined exclusively by the court;	<i>No changes</i>
		- Establishing a norm according to which the burden of probation lies with the fiscal body.	<i>No changes</i>
	3. Exclusion of exaggerated penalties when the intention to break the law or the direct damage to the state was not proven. Introducing a balance between the size of the damage and the one of the penalties applied	- Reducing the number of penalties (or the value of the penalties applied);	<i>The situation has worsened</i>
		- Introducing a norm which establishes the cause and effect connection between the intention and the penalty applied, as well as the balance between the size of the damage and that of the penalty;	<i>The situation has worsened</i>
		- Introducing a norm envisaging the application of penalties only by the court.	<i>No changes</i>
	4. Offering companies the possibility to register as VAT payers immediately after the registration, without capping conditions	- Eliminating the capping conditions for voluntary registering as a VAT payer	<i>No changes</i>

Customs sphere	5. Stimulating the import of new technologies, including software, by reducing the tax burden	<ul style="list-style-type: none"> - Eliminating the provisions regarding the taxation of new technologies (including software) with royalty; - Payment in money or in kind for software acquisitions meant exclusively for the respective software operation, without any modifications than the ones determined by the installation, implementation, storage, improvement or utilization, as well as the payment in money or kind for the acquisition in full of copyright for software excluded from the category of royalty. 	<p><i>No changes</i></p> <p><i>No changes</i></p>
	6. Stimulating the growth of the level of professional qualification of employees by allowing the deduction of the expenses for training and education from the tax base	<ul style="list-style-type: none"> - Inclusion in the Tax Code of the norms regarding the deductibility of expenses for the training and education of personnel - Eliminating actual provisions regarding the taxation of individuals for the respective expenses born by the employer. 	<p><i>No changes</i></p> <p><i>No changes</i></p>
	7. Reducing the tax burden for vital sales stimulation activities (marketing, advertising, sales promotion etc.) and creating adequate conditions for enterprise workers	- Eliminating VAT for expenses for sales promotion (art. 99 and 95, line (2, let. C), TC);	<i>No changes</i>
		- Eliminating VAT for expenses for creating adequate work conditions (art. 99, TC);	<i>No changes</i>
		- Granting the right to decide which expenses are necessary and ordinary exclusively to the economic agent (change to art. 24 (par. 1) TC);	<i>No changes</i>
		- Inclusion in the Tax Code of the norm regarding the deductibility of expenses for creating adequate work conditions.	<i>No changes</i>
	8. Increasing the transparency of the activity of the Customs Service and the predictability of customs procedures so that economic agents can individually predict the sums that are to be paid for import-export procedures, the documents that they will have to present and the time and order of procedures.	<ul style="list-style-type: none"> - Inventory of the acts that regulate customs procedures (implementing the Guillotine for normative and sub-normative acts that regulate customs procedures); - Eliminating the cases of applying internal normative acts by the Customs Service. 	<p><i>In the process of implementation</i></p> <p><i>No changes</i></p>
	9. Simplifying the procedure and reducing the amount of paperwork necessary for export	<ul style="list-style-type: none"> - Reducing the amount of paperwork needed for export; - Reducing the time needed for; - Introducing the One Stop shop for export operations; - Adopting a list of goods subject to the simplified customs procedure; 	<p><i>No changes</i></p> <p><i>Partially implemented</i></p> <p><i>Partially implemented</i></p> <p><i>Partially implemented</i></p>

	<ul style="list-style-type: none"> - Transferring controls to the internal and destination checkpoints ; - Introducing the possibility to send the documents for the customs procedure in advance; - Real possibility for every economic agent to calculate customs fees individually (or have the Customs Service calculate the customs fees in advance); - Harmonization and adaptation of the customs control procedure to European practices and legislation; - Eliminating the payment for weighting means of transport (preserving it only in the case of deviation from the parameters established by the legislation). 	<i>Partially implemented</i> <i>No changes</i> <i>Partially implemented</i> <i>Partially implemented</i> <i>No changes</i>
10. Exempting VAT for the import of production equipment and machines. All the equipment and machines used in the process of production and provision of services should be considered technical equipment and treated as such from the point of view of VAT exemption on import. VAT exemption for the import of spare parts predestined for repairs covered by warranty.	<ul style="list-style-type: none"> - Eliminating VAT for the import of equipment and machines used for production (provision of services); - Eliminating VAT and customs tax for the import of spare parts predestined for repairs covered by warranty. 	<i>No changes</i> <i>No changes</i>
11. Applying the maximum transit time provided by the customs legislation, allowing for changes only under extraordinary circumstances and a written notice.	<ul style="list-style-type: none"> - Changing the provisions of the CC (art. 42, par. 2) so that the 8-day transit term be applied automatically, and modified only under extraordinary circumstances and a written notice given to the beneficiary (or the elimination of the notion of transit time from the CC entirely); - Changing the provisions of the CC so that the transit time is adjusted depending on the category/means of transport; - Introducing the responsibility of the customs bodies for the ungrounded changes to the time of transit and compensating the expenses to the economic agent as a result of the ungrounded changes to the time of transit stipulated by the legislation; - Respecting the international acts and treaties signed by the Republic of Moldova regarding the work and rest regime of drivers. 	<i>No changes</i> <i>Partially implemented</i> <i>The situation has worsened</i> <i>The situation has worsened</i>

	12. Assuring the transparency of the way in which the customs value of goods is calculated. Transferring the burden of proving the incorrectly stated customs value of goods from the declarant to the customs authority	- Clear and motivated provisions regarding the way in which the method for calculating the customs value of goods is selected (exhaustive criteria for selecting the method of assessing the customs value of goods);	<i>No changes</i>
		- Clear and transparent procedures of calculating the customs value of goods; publishing them, on the Customs Service web site;	<i>No changes</i>
		- Applying the method based on the value of transaction exclusively, in the case confirming documents exist;	<i>No changes</i>
		- Introducing the obligation of the Customs Service to elaborate in written form on the change from one method of determining the customs value of goods to another;	<i>No changes</i>
		- Bringing the internal acts of the Customs Service in compliance with the normative acts;	<i>No changes</i>
		- Eliminating the cases of applying internal normative acts by the Customs Service.	<i>The situation has worsened</i>
	13. Recognition of international certificates of conformity emitted by the states with which the Republic of Moldova has signed mutual recognition agreements	- Eliminating the sanctions for the storage of goods during the period of certification;	<i>Implemented</i>
		- Recognition on the territory of the Republic of Moldova of international certificates of conformity for the agreements in which the Republic of Moldova is a full recognized member;	<i>Partially implemented</i>
		- Adequate terms and practices for the procedures of standardization.	<i>No changes</i>

1. Regarding the first priority, **optimization of the procedures of mandatory reporting of the business to the public authorities**, the members of the NBA network have noted progress only concerning the optimization of the procedures of mandatory reporting. Concerning „*Assuring the interconnection between the informational systems of different state bodies*”, an improvement has been noticed only regarding electronic tax reports and establishing a one-stop shop for receiving tax reports and taxpayer service. Collaboration has been established between the State Registration Chamber and State Tax Service, between the State Registration Chamber and National House of Social Insurance, National Health Insurance Company. At the same time, NBA members note the fact that this interaction has not improved the process of business registration much, because any of these institutions still require certain paperwork.

Also the „*Electronic Declaration*” **service** has been introduced, so that during January-August 2012 67% of VAT paying economic agents from Chisinau, Balti and Comrat benefited from it and the percent of tax documents filled in and submitted through SIA „*Electronic Declaration*” reached 63%. Starting with 01.01.2012 tax reports from VAT paying economic agents from Chisinau, Balti and Comrat are mandatorily submitted through SIA „*Electronic Declaration*” and starting with 01.01.2013 this will also be valid for tax reports from VAT paying economic agents from other parts of the Republic of Moldova. At the same time, only 0,9% of the economic agents who do not pay VAT have benefited from the service and only 1.8% of their tax documents have been filled in and submitted through the system.

Throughout the first semester of 2012 certain activities for the development of the the concept of the project regarding the establishment of a one-stop shop for receiving tax reports and taxpayer service have

been carried out. The documents for the project launch have been developed and approved, including: Application for project examination; Project team components; Project work plan and Order nr. 89 of 15.06.2012 „Regarding the launch of the project „One-Stop shop for receiving tax reports and taxpayer service”. GAP 2012-2015 provides for the implementation of the One-Stop shop for receiving tax reports and taxpayer service until the fourth quarter of 2013.

Concerning the solution suggested by the NBA to *elaborate and have adopted by the Parliament an official commentary (interpretation) for the Tax Code that would describe in detail the interpretation of the provisions of the Tax Code, so that it does not allow for an arbitrary interpretation by fiscal bodies*, no progress has been notice, On the contrary, NBA representatives state frequent cases of law interpretation – including the Tax Code – by the State Tax Inspectorate and of the infringement of the TC provisions. The situation of the business is aggravated by the inefficiency of justice and the lack of progress in the reform of justice. The representatives of the business claim attention to the fact that only the Parliament, through the modifications in the legislation is allowed to interpret laws, not the Parliament servants, State Tax Inspectorate or any other state body.

And regarding the proposal for the *the inventory of all the normative acts in the area of taxation and fiscal administration and bringing them in conformity with the legal provisions, as well as mandatory publishing of all the internal normative acts that regulate taxation and tax administration*, NBA representatives have stated a worsening situation. This conclusion comes from the fact that the adoption of many normative acts is still being made in violation of the legislation regarding the transparency of the decision-making process and is not subject to public consultations or impact analysis. Even when the consultations take place, the business environment states that most of them are merely formal.

2. Concerning the application of ***presumption of innocence of the business in relation withs the control bodies***, the NBA representatives state the lack of any progress concerning any solution suggested for this priority. Thus, the plan concerning budget collections from fines and penalties not only has not been eliminated, but is reported as overcome (a sum greater than the planned one has been collected). While the total revenue to the national public budget in January-August 2012 were collected in proportion of 98.6%, the plan concerning collecting budget revenue from fines and penalties has been fulfilled in proportion of 124.5%. Thus we state a distortion of the function of fines – from the role of education in tax discipline, fines have become a tool for budget revenue collection. Planning revenues based on administrative fines is kept in the budget for 2013 as well.

No progress has been stated in respect to the proposals to *clearly delimitate the prerogatives of control bodies and the elimination of legislative gaps that allow public servants to interpret the normative acts arbitrarily*, or that *the decision of the guilt of the economic agent be established exclusively in court*. Other such an example is the one of the proposal that *the burden of probation to be transferred from the economic agent to public institutions*. Although the Law nr. 131 of 08.06.2012 regarding the control over business activity (The Official Monitor nr. 181-184 of 31.08.2012) has been adopted and according to it the competence of control bodies, their right to perform controls, to state violations of legislative norms and apply penalties can be recognized only based on a normative act published in the Official Monitor of the Republic of Moldova that came into force in this way, **the provisions of this Law do not apply to controls performed in the tax and customs areas**. These two areas account for the greatest number of objections connected to the partiality of state control bodies. Thus, the mentioned law does not solve the problem concerning controls, formulated by the NBA representatives.

The Government Action plan for 2012-2015, p. 133 provides for the establishment of partnership with the National Association of Transporters, the Union of Lawyers, National Union of Bailiffs, etc. in order to improve the methods of tax administration of professional activity. Nevertheless, currently the State Tax Service collaborates only with bailiffs in order to fill budget gaps. The business environment claims attention to the fact that although the current legislation is full of different sanctions and penalties even for

potential or virtual damage, there is no mechanism of *personal or institutional responsibility for public servants or state bodies that violate the tax legislation*. Despite the fact that the Government Action Plan for 2011-2014 provides for the „Introduction of personal administrative responsibility for public servants in case of damage to economic agents”, no action that has been planned concerning this intention has been found in the Action Plan. Also, although GAP aims at p. 132 to reduce the number of tax controls with 2-3% annually, in the past two years the number of controls has been growing continuously (with 3578 controls, or 5.7% respectively, more in 2010 and with 5025 controls, or 7.5% respectively, more in 2011 compared to the previous year. Up to 71900 controls are performed yearly.)

3. Concerning the next priority, *exclusion of exaggerated penalties when there were no intention to break the law or direct damage to the state, introducing a balance between the size of the damage and the one of the penalty*, the members of the NBA have stated that the situation has worsened. Once with the new edition of the Tax Code on 13.01.2012 coming into force, the sanctions for not using cash registers and not issuing travel tickets has increased up to 10 000 lei for the first violation, 25 000 lei for the second violation and 50 000 lei for further violations (art. 254 TC). At the same time, the number and amount of sanctions applied by the fiscal bodies has grown. Thus, the amount of sanctions received by the STS has grown from 64.4 mil. lei in 2010 to 77.0 mil. lei in 2011. The members of NBA point also to the continuous absolute lack of balance between the severity of the violations and the size of the sanctions applied. For example, the fine for not issuing a receipt for purchases of 10 lei or of 100000 lei is the same – 10000 lei (for the first violation). Also, there is no provision regarding the cause and effect connection between the sanctions applied and the intention, or the balance between the size of the sanctions applied and the size of the damage to the state. This fact leads to the conclusion that the fines are currently used as a tool for collecting additional budget revenue rather than a measure for future prevention of tax violations, as it pretends to be.

4. Regarding *offering companies the possibility to register as VAT payers immediately after the registration, without capping conditions* no changes have been noticed. Article 112 of the TC provides for the threshold of 100 thousand lei for taxable good supplies, and services within 12 months. The NBA members consider that the actual threshold of 100 thousand lei for voluntary registration is not an obstacle for taxpayers who activate illegally, contrary to the arguments for this threshold, but represents an obstacle for the new businesses or for small and micro enterprises because they are less competitive on the wholesale market. In addition to that, this artificial barrier violates the principle of tax equality. Such a tax policy is also oriented towards reducing the sector of small and micro enterprises, towards protecting the interests of big companies, including the monopolist ones. Also, this policy discourages the initiative of the population and investors to open new businesses.

5. Concerning *stimulating the import of new technologies, including software, by treating them tax-wise as goods and exempting the income tax at the source of payment on their import*, no progresses have been noted. Also *payments in money or in kind for software acquisitions meant exclusively for the respective software operation, without any modifications than the ones determined by the installation, implementation, storage, improvement or utilization, as well as the payments in money or kind for the acquisition in full of copyright for software* are still treated as royalty in the Tax Code and are taxed at the source of payment with 15%, in compliance with art. 89 (1) of the TC.

6. No progress has been noticed regarding *deducting the expenses for the training and education of personnel (increasing the professional qualification) from the tax base*. According to TC (art.24), the expenses for the training and increasing of professional qualification of the employees are not deductible, although the Labor Code (art. 213) provides for the obligation of the employer to create the necessary conditions and to favor the professional and technical qualification enhancement of the employees. Also, according to art. 99 of the TC, the expenses born by the employer for this scope are further taxed with VAT.

7. Concerning the solutions suggested by the NBA regarding *reducing the tax burden for vital sales stimulation activities (marketing, advertising, sales promotion etc.) and creating adequate conditions for enterprise workers*, no improvement has been noticed. The lack of improvement refers both to maintaining the VAT taxation of expenses for sales promotion, marketing, advertising, etc. (art. 99 and art. 95 par. (2) it. c) of the Tax Code), of expenses for the creation of adequate work conditions for employees (art. 99 of the Tax Code) and denying companies the right to decide which expenses are necessary and ordinary for their activity (through the provisions of art. 24 (par. 1) of the Tax Code). Also companies are further denied the right to deduce the expenses for creating adequate work conditions in conformity with their necessity and the labor legislation.

8. Regarding *increasing the transparency of the activity of the Customs Service and the predictability of customs procedures so that economic agents can individually predict the sums that are to be paid for import-export procedures, the documents that they will have to present and the time and order of procedures*, the NBA members have not noticed any considerable progress. The lack of improvement refers mostly to the proposal concerning *increasing the predictability of customs procedures and formalities and eliminating the cases of applying internal normative acts by the Customs Service*. Moreover, NBA representatives note persisting cases when the internal, unpublished documents of the Customs Service have been used (e.g. Order CS nr. 288-O of 20.06.2012.) Also, acts that create additional barriers in the way of commercial exchanges or contradict international agreements signed by the Republic of Moldova are used (see examples at p. 11.) These kinds of cases significantly reduce the efficiency of the attempts to increase the transparency of the Customs Service.

In compliance with the Instruction regarding the procedure of filling in and examining applications concerning the preliminary tariff decision, approved by the CS Order nr. 80-O of 28.02.2012 (Official Monitor nr. 99-102/629 of 25.05.2012), economic agents can receive the decision of the customs body regarding the correct classification of goods. This classification has to be mandatorily applied by the customs bodies during six years from the release of the Decision of the customs body. A similar procedure regarding the origin of goods is in the process of development. The respective measure aims to increase the predictability of the customs import tax and exemption and partly transcribes articles 5-14 of the Regulation (CEE) nr. 2454/93 of the Commission of July, 2 1993, for establishing some orders of applying the Regulation (CEE) nr. 2913/92 of the Council for establishing the Community Customs Code.

Also, the web page of the Customs Service offers access to the TARIM database (Integrated Customs Tariff of the Republic of Moldova), that contains information regarding the rights on import, as well as tariff and non-tariff measures applied to goods import. The data base is kept up to date with the changes in the legal frame, and the web page www.servicii.gov.md displays information concerning public services, including customs procedures, that contain references to documents that have to be presented to customs bodies.

Concerning the *inventory of all the internal normative acts of the Customs Service*, the Ministry of Economy has recently developed a draft Government Decision regarding the revision of the Customs Service normative acts, with the declared aim of no longer allowing the current practice of elaborating orders that regulate the business environment without consulting the Work group of the State commission for regulating business activity, the Ministry of Economy and the Ministry of Justice, and without publishing these orders in compliance with legal provisions. The text of the draft decision is published on <http://particip.gov.md/proiectview.php?l=ro&idd=454> and <http://www.mec.gov.md/comunicate/ministerul-economiei-a-prezentat-guvernului-republicii-moldova-proiectul-hotararii-guvernului-cu-privire-la-revizuirea-actelor-normative-in-domeniul-vamal/>. Also, a work group (Advisory Committee of the CS), that includes business association and CCI representatives, has been formed by the Customs Service (CS) in order to contribute to the expertise necessary for emitting acts by the Customs Service. Nevertheless, its efficiency is reduced because not all the acts are subject to the Advisory Committee examination, and the

latter is not summoned regularly (the last notice published on the Customs Service web site regarding the Committee meeting is dated 2010).

According to the Program for Customs Service Strategic Development for 2012-2014, one of the specific objectives is “assuring access to information”. However, this objective refers only to the average duration of examining applications regarding access to information, which has to be 14 days in 2012, 12 days in 2013, and 10 days in 2014. Also, this objective does not solve problems concerning transparency and predictability of customs procedures noted by the business representatives.

9. Regarding the proposals for *simplifying the procedures and reducing the amount of paperwork needed for export*, certain progress has been noticed only concerning *improving control procedures and improving the technical basis through the implementation of modern scanning and control technologies*, measures for *improving the efficiency of coordination between different control services, transport, etc. on both sides of the border* and *implementing the one-stop shop principle*. Thus the informational system (IS) “Frontiera”, which was implemented according to the one-stop shop principle, is currently in function. In the first semester, certain work for the modification and optimization of the interconnection service between the Customs Service and the Border Service, Banca de Economii and ANTA has been carried out. Also the simplified customs control procedure has been launched, by introducing the notion of “green corridor”. According to the Customs Service information, the proportion among the selection criteria for the customs control in the first semester of 2012 yielded the following data:

- for import: red corridor – 20%; yellow corridor – 25%; green corridor – 50%.
- for import: red corridor – 10%; yellow corridor – 20%; green corridor – 70%.

Nevertheless, some representatives of the business have mentioned that the one-stop shop has not simplified the customs control procedure, but on the contrary has complicated it because now there is more paperwork. Also, according to the draft Regulation regarding the simplified clearance procedure, those who can benefit from the procedure are economic agent who have at least 25 transport units, which, according to the business community, represents an obvious contradiction with the strategy for developing the small and medium business sector, as well as with the intentions for this sector’s development.

Starting with January 2012 the online system monitoring traffic at border checkpoints has been introduced on the web page of the CS. The service offers information regarding the number of transport units at the passing points and, in the case of four checkpoints, the data is completed with online video. In the first semester of 2012, 10 economic agents received the status of trusted economic agents, benefiting from the green clearance corridor (a total of 37 economic agents have this status.) The stake of customs declarations from all economic agents who benefit from the simplifications amounted to 7.84% in the same period. At the same time, the Program for Customs Service Strategic Development has the specific objective of 5% for 2012, 10% for 2013 and 15% for 2014. During the same semester two economic agents benefited from the simplified procedure of customs clearance at home (their total number is four), and other 20 applications were in the progress of examination by the CS. By the CS order nr 130-O of 04.04.2012 the working group for the development of the Authorized economic operator (AEO) concept in compliance with the EU standards has been set up. Also a list of customs simplifications and facilities the AEO will benefit from has been established.

Recently the Customs Service has developed a new Regulation regarding the simplified customs clearance procedures based on the principle of customs control selectivity. According to the Regulation any legal entity that corresponds to the stipulated conditions can apply for the status of simplified procedure beneficiary by conforming to one of the three categories: 1) economic operator with reduced risk; 2) economic operator with customs clearance at home; 3) trusted transporter.

The main customs simplifications that economic operators can benefit from refer to: applying preferential selectivity parameters in the Customs Service risk analysis system from SIIC „ASYCUDA WORLD” (green clearance corridor); reducing the number of physical and document controls compared to

other economic operators; performing document and goods control in a priority way and outside the customs body territory; customs clearance beyond the business hours and business days; offering consultations by the specially designated customs workers. In addition to these simplifications, economic operators with customs clearance at home will have the possibility to place goods under customs regime at their headquarters, based on electronic customs declarations. For the trusted transporters the following is provided: simplified goods transit procedure, including the possibility to cross the border with priority; the possibility to choose the itinerary for the transit procedure, the maximum transit time and perform transit without escort.

Although the Customs service states that the average time of the goods customs clearance in the first semester of 2012 was 18.7 minutes at entrance and 17.18 minutes at exit, although the aimed times were 30 min. and 25 min. respectively, the representatives of the business claim a complete irrelevance of these numbers because these indicators do not include the time the means of transport spent before they get to the "bar". Thus, before crossing the "bar" a whole day can be lost waiting in line and passing through formalities, among which passing through the customs terminal, although the necessity for this procedure is absolutely unclear and useless from the point of view of business representatives. According to them, the only possible explanation is that this procedure represents an additional way to receive money from economic operators. The situation is similar in the case of the procedure of mandatory paid transport weighting. In the European practice, the fee for weighting is paid only for the transport that has exceeded the established parameters, not by all means of transport, as it is done in the Republic of Moldova.

10. Regarding *exempting VAT for the import of production equipment and machines and VAT exemption for the import of spare parts predestined for repairs covered by warranty* the members of the NBA have noted the lack of any progress and even a worsening of the situation, because the facility of introducing the equipment in the statutory (social) capital without VAT payment has been excluded. Some relevant facilities are kept only in compliance with art 101¹ of TC that provides for VAT exemption for capital investments (expenses), excepting capital investments (expenses) in buildings and means of transport. Also, the provisions of art. 28 (q) of the Law regarding the customs tariff, according to which the tangible assets which exceed 6000 lei per unit and whose term of exploitation is greater than a year, meant to be included in the statutory (social) capital, have been annulated.

11. Regarding *applying the maximum transit time provided by the customs legislation, allowing for changes only under extraordinary circumstances and a written notice* the NBA representatives have stated a worsening situation. Although the Customs Service has published the draft Order „Concerning some aspects of the transit procedure”, on 04.10.2012, aiming to regulate the methods for establishing the transit time, the events and problems during the transit procedure, the automatically applied maximal transit time or its elimination is not adopted, as suggested by the representatives of business . On the contrary, different transit times are provided, depending on the type of transit and the means of transport, limited by 24 or 72 hours, under the condition of an application for prolonging the transit time, also, the methodology of calculating these terms is established. Although this draft brings certain improvements regarding the elimination of the arbitrary way of establishing the transit time, the motivation for the 24 hour time limit is still not clear for the business community and contradicts the economic interests of the country.

The mark „the situation has worsened” was attributed by the representatives of the business as they stated frequent cases when limiting the transit time violates both international agreements signed by the Republic of Moldova regarding the work and rest hours of drivers, and the internal legislation of the country. Adopting some internal orders of the Customs Service (Order nr. 155-O of 25.05.2011 and other Orders previously adopted for its revision, Order nr. 288-O of 20.06.2012, Order nr. 276-O of 24.10.2012, etc.) violates the provisions of these agreements, especially the provisions of the European Agreement regarding the activity of the crew of vehicles that perform international transportation on international highways (AETR), signed in Genève on 01.07.1970, to which the Republic of Moldova adhered by the Parliament

Decision nr. 1318-XII of 02.03.1993), as well as the provisions of law nr. 235 regarding the main principles regulating business activity.

12. Regarding *assuring the transparency of the way in which the customs value of goods is calculated and transferring the burden of proving the incorrectly stated customs value of goods from the declarant to the customs authority* the representatives of the business have noted that the situation has not changed. Despite the fact that the Customs Service reported that during the first 5 months of 2012 the import transactions accepted with the first method amounted to 88% (87% in 2011), and the other methods, including the reserve method - 12%, the members of the work group for monitoring NBA priorities noted several problems. Among these is the biased method of selecting tariff positions for determining customs and VAT tax, especially when the product can be enlisted in several tariff positions. In such situations customs workers always choose the position where customs tax and VAT are the greatest, without taking other arguments into consideration. An economic operator can be sure that the first method of determining the customs value of goods will be applied only when there is a precedent (it has previously conducted transactions with this type of goods), but when the import-export operation with certain goods is performed for the first time, the economic operator can never be sure of the method that will be applied.

13. Regarding *recognition of international certificates of conformity emitted by the states with which the Republic of Moldova has signed mutual recognition agreements and improving the procedures of conformity certification* the members of the NBA have noted a partial progress, especially regarding the exclusion of sanctions applied to economic operators for goods storage during the time of certification. Regarding *the Republic of Moldova adhering to international treaties of recognition of certificates of conformity as a fully recognized member and a mutual recognition of these certificates on the territory of the country*, GAP 2012-2015 provides for signing of the Agreement for multilateral recognition with European cooperation for accreditation (EA MLA) by the National Accreditation Body until the fourth quarter of 2014.

To this moment, establishing principles for procedures related to signing the agreement has been initiated within the TWINNING project. Also, GAP provides for the simplification of the regime of industrial certification of imported industrial equipment which complies with international and European standards for industrial security by adopting 10 lists of related standards until the fourth quarter of 2015. Up to this day two draft Lists of standards have been developed and submitted for approval and other four have been approved.

An amending and modification to Government decisions that translate the directives of the European Union in a new approach to the procedures of conformity evaluation is planned to be carried out until the first quarter of 2014. In compliance with the National standardization program for 2012, the adoption of 2853 European and international standards is planned in 2012. In 2011 146 national standards identical with the international ones (ISO/CEI) and 2268 national standards identical with the European ones have been adopted. Per total, about 6000 international and European standards have been adopted out of 18000 that have to be adopted in the future. By the Decision of the National Institute of Standardization and Metrology nr. 856 of 30.03.2012 the SM SR EN ISO/CEI 17050-1:2012 and SM SR EN ISO/CEI 17050-2:2012 standards have been adopted.

Regarding *establishing applicable certification mechanisms in the cases when standardization organizations do not have the needed testing equipment or personnel qualified for certification* as well as regarding *some adequate terms and practices for going through the standardization procedure* GAP 2012-2015 provides for equipping laboratories with the needed technical equipment until the fourth quarter of 2014.

Conclusions

There is still a **great discrepancy between the authorities' agenda and the priorities of the business**. This discrepancy is first of all the result of the lack of an efficient process of public consultations and participation of the civil society in formulating public policies. The current regulations regarding the transparency in the decision-making process and regarding the process of public consultations are frequently violated or are merely formal. The lack of an efficient public-private dialog is the main cause of the fact that the majority of the priorities formulated by the business community through the NBA 2012 – 2013 are not found in the policy documents of the authorities.

Out of the 13 priorities of the national Business Agenda in the tax and customs sphere, in the Government Action Plan **we could find actions for only three of them** (optimizing the procedures for mandatory reporting; simplifying customs procedures and improving the mechanism of conformity certification). These are the priorities regarding which we stated a partial progress, many of the suggestions formulated by the business environment being in the process of implementation. Two of the priorities formulated by the NBA 2012- 2013 (simplifying customs procedures and assuring the transparency of the activity of the Customs Service) appear as specific objectives in the Program for Customs Service Strategic Development for 2012 – 2014, but the actions planned for achieving these objectives hardly correspond to the vision and the solutions formulated by the representatives of the business.

Regarding three priorities, a regress has been noted compared to the time of their formulation (June-September 2011): eliminating exaggerated sanctions for business; exempting VAT for the import of production equipment and applying the maximum transit time automatically. Regarding seven other priorities we have not stated any changes: applying the presumption of innocence of the business in relation with control bodies; offering the possibility for companies to register as VAT payers without capping conditions; stimulating the import of new technologies; stimulating the growth of the level of employees' professional qualification; reducing tax burden applied to activities of sales promotion; increasing the level of transparency of the activity of the Customs Service and the predictability of the customs procedures and assuring the transparency of the way in which the customs value of goods is calculated.

Somewhat greater is the number of NBA sector priorities that are found on the authorities' agenda and/or are in the process of implementation. Thus, in the ICT sector the Government Action Plan and documents of sector policies provide for actions in three of the five priorities formulated by the representatives of the sector: eliminating the unloyal competition and barriers in the way of the ICT sector development; effective protection of copyright and modernizing the educational system in the ICT sphere. Regarding the priority of prolonging fiscal incentives, many of the proposals of the business have already been implemented. In the agricultural business and wine-making sector no planned or implemented actions have been noted for only one of the six priorities (actions regarding the granting of tax exemption or incentives).

Not as good is the situation in the construction and transport sectors. Out of the seven priorities of the transport sector agenda, only two have actions provided for in the GAP. At the same time, we have noticed progress in implementing only some actions related to eliminating customs barriers for international cargo and the simplification of customs procedures. Regarding three other priorities several actions have been implemented, which, however, have not improved the situation much and the mark given: increasing penalties for illicit passenger transportation; improving the system of passenger transportation licensing; reducing VAT for vehicle import for passenger transportation and paying off debts to transporters for transporting the categories of passenger which benefit from discounts. In the construction sector, although the Law of public acquisitions has been modified according to the suggestions of sector associations, most of the times the adopted provisions are not respected. Regarding two other priorities (adopting the Law of

housing and the Construction code), the draft laws have been developed in compliance with the GAP provisions, but are under discussion, so that at the moment we cannot talk about their practical impact.

Recommendations

Recommendations formulated by the members and supporters of the NBA in the monitoring process

In the process of monitoring the implementation of the NBA 2012-2013 priorities, several debates and public discussions have been held, during which numerous recommendations for increasing the efficiency of the public-private dialog have been formulated, so that it is possible to reduce the current discrepancy between the official agenda of the policies promoted by the authorities in the NBA focus fields and the priorities of the business.

Among them we state:

1. Respecting the legislation regarding the decision-making process by the public authorities;
2. Developing an efficient normative base regarding the dialog between the business and the authorities. Currently the Government has adopted a passive position in the consultation process. In this way the process of consulting the business community has to be regulated more strictly, for it not to become a mere formality;
3. Correct identification of the priorities of the business, as well as concentrating upon them and on the PR (advocacy) activities related to them;
4. A more active involvement of the business community in developing tax policies for 2014 by expressing suggestions regarding the aim, objectives, way of implementation and expected results;
5. Including the business representatives in the process of evaluating the impact of laws and policies;
6. Increasing the expertise capacity of associations in order to improve the efficiency of the expertise of the businesscommunity.

While we will refer separately to the recommendations regarding the transparency in the decision-making process, what is still valid – and is probably more topical in the current conditions of the public-private dialog – is the recommendation made in the previous issue of the 2010 National Business Agenda Monitoring Report, regarding the consolidation of promotion efforts (advocacy) and implementing NBA priorities by attracting additional expertise (eventually employing consultants). These measures are necessary both regarding advocacy measures that have to be implemented and the expertise that came from associations, and from the network. This recommendation was formulated in different ways during advocacy events and those of monitoring the implementation of NBA priorities. In fact, from all the solutions formulated during these events, concentrated in the six suggestions above, three refer to the public-private dialog and the transparency in the decision-making process, and other three targets increasing the advocacy and expertise capacity of the business community.

The reduced expertise capacity of the business community is the reason that is often implied by authorities during the public-private dialog. We could say that this opinion is biased, used only to motivate the pure formality of the public-private dialog currently promoted by authorities, had not this fact been recognized by the associations themselves. While in the process of NBA monitoring we have identified many gaps in all the stages of the decision-making process and in authorities' performance and have formulated many recommendations regarding these, we should not leave out the self-assessment of the

position of the business community throughout the process. At the same time, the need for the growth of advocacy and expertise capacity of the network is a result both of the imperative of fortifying the position of the business in the dialog with authorities, and the expanding sphere of interests of the network once with the inclusion of the four sector agendas. Under these conditions the current capacities of the network are insufficient for and efficient monitoring and promoting of the national and sector agendas' priorities.

NBA recommendations regarding establishing a public-private dialog (PPD)

The business community is directly interested in taking part in the decision-making process, especially at the stage of public consultations on the topic of the normative framework, as well as in any other possibility to take part in the decision-making process and establish a public-private dialog. In order to reach the mentioned goals NBA considers that specific actions should be taken at the state and institutional levels, among which we recommend the following:

1. Amending and ***supplementing the Law regarding the transparency in the decision-making process*** and the Regulation regarding the procedures for assuring transparency in the process of developing and adopting decisions, in order to eliminate the contradictions between them and improve the whole mechanism of consultations on normative acts with the participation of the interested parties, including the business representatives.
2. Implementing by the State Chancellery and public authorities of some ***rigorous controls*** regarding the compliance with legal provisions concerning the transparency of the decision-making process and penalizing the persons who are responsible for their violation;
3. Adopting by the Parliament the ***Law regarding normative acts*** taking into consideration the recommendation made that will bring to the improvement of the whole decision-making process.

Appendices

Information and Communication Technology Sector

Priority fields	Necessary Solutions	Degree of implementation
Administrative and fiscal field	1. Prolonging fiscal incentives for IT companies and eliminating the burdening provisions that do not stimulate the sector's development; 2. Increasing the efficiency and transparency of public procurements; clear and equal rules for public and private companies.	<i>Partially implemented /In the process</i> <i>Without changes</i>
Competition field	3. Eliminating unfair competition and barriers in the way of ICT sector development; 4. Effective copyright protection.	<i>Partially implemented/In the process</i> <i>Partially implemented /In the process</i>
Human resources and training	5. Modernizing the university curriculum and increasing the quality of education in institutions that prepare specialists for the ICT sector.	<i>Partially implemented /In the process</i>

The detailed description of the degree of implementation of the proposals of the business for every solution from the sector agenda of the ICT sector can be found in TABLE 2.

1. This year ***fiscal incentives for companies from the IT sphere have been prolonged***, but the structure of attributing fiscal incentives has changed compared to 2005-2011. Also, regarding *simplifying conditions for attributing fiscal incentives for the Fund of social insurance and income tax paid per employee for companies that produce software*, no changes have been noticed. In addition the excise for photo/video products has been eliminated, in compliance with the suggestion of the sector representatives, because its perception contradicted the principles of excise tax.

2. Regarding ***increasing the efficiency and transparency of public procurements***, as well as regarding *introducing some clear and equal rules for state and private companies*, no progress has been noticed. Except for the stipulation of *the obligation of the Agency for Public Procurements to address the requests for explications concerning the conditions of the public auctions (tenders) that had come from participants at public procurement competitions*, no improvement has been noticed regarding any of the suggestions of the business environment. Also the www.tender.md page has been created, which lists – but doesn't monitor or centralize – offers for public auctions, as it is stipulated in the suggestions formulated by the representatives of the sector. In compliance with the ICT sector development strategy for 2012-2015, it is currently being worked on developing a mechanism for calculating long-run incremental cost (LRIC). It is also worked upon interconnecting electronic communication networks and services and developing recommendations for public administration authorities regarding goods and ICT service procurements and, not the least, the analysis of the ICT service and products consumption by the public administration authorities. The Government Action Plan for 2012-2015 provides for the facilitation of the access of small and medium business to public procurement contracts up to the fourth quarter of 2014, by consolidating the access to information about the procurement opportunities through electronic portals. Thus, contracting

public authorities will be stimulated in the direction of dividing contracts in lots, which corresponds to the expectations of the business.

3. Regarding *eliminating unfair competition and barriers in the way of ICT sector development*, the representatives of the business have noticed certain progress regarding all the suggestions formulated for this part, except the suggestion for eliminating cross-subsidization for Moldtelecom services. The strategy for Information and communication technologies sector development for 2012-2015 provides in 2012 for „identifying relevant markets in the field of electronic communications, designating network and/or electronic communication service providers with significant influence on these markets and imposing relevant obligations in order to promote an effective competition”. Also, The Government Action Plan for 2012-2015 provides for reforming the „Moldtelecom” joint stock company, assuring equal and transparent access to infrastructure for all the market players, the deadline being the third quarter of 2012. From what we have established during the monitoring process, regarding this action only the draft Concept on assuring equal access to the „Moldtelecom” infrastructure for all market players has been developed, and it is to be presented by the management of the company within the Council. Also, on 11.07.2012 (Official Monitor 193-197 of 14.09.2012), The Competition Law has been adopted aiming to increase the efficiency of fighting anti-competition practices, a desideratum which is also found in one of the GAP 2012-2015 provisions. The draft strategy for broadband internet access development has also been developed.

4. Regarding the *effective copyright protection*, the draft law for the amending and supplementing Law nr. 139 of 02.07.2010 concerning copyright and related rights has been developed and is in Parliament, where norms regarding product fraud and counterfeit have been reformulated and published, as well as norms concerning the violation of copyright and related rights. Several legislative acts have been amended, especially those in criminal law, offences and civil procedure, and the Law nr. 115 of 23 June 2011 for amending and supplementing some legislative acts (Criminal Code, Criminal Procedure Code, Civil Procedure Code, and Offence Code) have been adopted. According to the results of the study performed by the Business Software Alliance concerning software piracy for personal computers, the ratio of illegal software from the total of software used in the Republic of Moldova decreased from 96% in 2005 to 90% in 2010 and was estimated at 36 million USA dollars.

5. Regarding the *modernization of university curriculum and increasing the quality of education in institutions which prepare ICT specialists*, according to the Strategy for sector development for 2012-2015, bringing educational plans and programs up to date is planned until 2013, in compliance with the current demands of the ICT market. GAP 2012-2015 provides for the modernization of the education system in the ICT sphere by improving educational standards, creating partnerships with private companies, centers of excellence and innovative laboratories (the deadline is the fourth quarter of 2015).

Representatives of the sector have stated progress regarding *increasing the number of graduates for ICT majors and adapting, with the sector's support, the universities' and colleges' ICT curriculum to the market demands* by enriching courses with additional interdisciplinary materials. Additionally, a work group has been created for a better interaction between the ICT sector and universities and schools. Progress has also been noticed regarding the establishment of centers of excellence within universities partnership with ICT companies, in order to pass the good practices and the most advanced knowledge in the field.

Agricultural Business and Wine Industry Sector

Priority fields	Necessary Solutions	Degree of implementation
Compliance with European Standards	1. Adjusting food quality and security demands for Moldavian agricultural products to those of the EU;	<i>Partially implemented/In the process</i>
Production and marketing of agricultural products	2. Adopting more consistent and efficient policies and measures at the stage of producing and marketing agricultural products;	<i>Without changes</i>
	3. Improving the system for the subvention of agricultural producers;	<i>Partially implemented/In the process</i>
	4. Facilitating access to financing for agricultural businesses.	<i>Without changes</i>
Fiscal and customs procedures	5. Adopting fiscal and customs measures that would stimulate agricultural production and export.	<i>The situation has worsened</i>
Administrative-normative and regulatory framework in the wine sector	6. Reforming the administrative-normative and regulatory framework in the wine sector.	<i>Partially implemented/In the process</i>

The detailed description of the degree of implementation of the proposals of the business for every solution from the sector agenda of the agricultural business and wine industry sector can be found in TABLE 3.

1. Regarding **adjusting technical regulations concerning agricultural production to international standards**, in compliance with the Government Action Plan (GAP 2012-2015), until the first quarter of 2013, adopting EU standards regarding the elimination of old technical standards is intended (including GOST standards for food products). Up to the fourth quarter of 2014 it is intended to adjust the regulations in the agrifood sector to community practice, by developing and adopting sanitary and phytosanitary norms similar to the European ones. In 2011, 160 national normative acts have been developed (technical regulations, veterinary norms, and phytosanitary regulations) in order to comply with 215 EU acts. According to the National plan of approximation, MAIA is to approximate about 70% of the community legislation that has to be transposed into national legislation. Also restrictions for farmers' access to seeds and seedlings approved in the EU Common Catalogue have been eliminated, as well as the access to fertilizers and pesticides approved by the EU.

In order to **create a network of adequately equipped zone laboratories**, GAP provides for accrediting laboratories in the phytosanitary sphere and seed control in compliance with ISO 9001 and ISO 17025 until the fourth quarter of 2013. By the Government Decision nr. 787 of 25.10.2011 „Concerning amending and supplementing the Government Decision nr. 1073 of 19.09.2008.” veterinary and phytosanitary services have been re-established at eight customs checkpoints. GAP also provides for attracting foreign investments for the equipment necessary for performing sanitary inspections by territorial subdivisions (fourth quarter, 2013), developing an Alert System in the phytosanitary field (fourth quarter, 2015) and developing a Guide concerning Phytosanitary controls (fourth quarter, 2013).

In the context of *negotiating with the EU the establishment of a Deep and Comprehensive Free Trade Area (DCFTA)*, the Strategy for food safety in the Republic of Moldova has been adopted for 2011-2015 and the Law concerning animal identification and registration has been amended. In the period of 12-14 September, during the third round of negotiations between Moldova and the EU regarding the implementation of DCFTA, the *identification of some mechanisms for the protection of local farmers* was among the subjects in discussion. The completion of negotiations is scheduled for 2013.

2. Regarding the *stimulation by the state of the development of the agriculture sector* in the past few years the subvention fund was increased up to 400 million lei, but according to the opinion of the representatives of the business this sum is not sufficient for an efficient support for the sector. In order for the support from the state to have the desired effect, the subvention fund for farmers would have to be increased up to about 5% of the state budget revenues, or at least to 1 billion lei. In 2011, out of the total of subventions given to farmers, the greatest share was that of the grants for stimulating investments for the procurement of agricultural machines and equipment, as well as irrigation equipment – 36.4%; stimulating investments for establishing perennial plantations – 20.1%; stimulating investments in developing post-harvest and processing infrastructure – 10.3%.

In order to *facilitate a post-harvest infrastructure and create a market infrastructure for the marketing of the agriculture production*, a draft law regarding amending and supplementing the Land code nr. 828-XII of 25.12.1991, the Law nr. 1308-XIII of 25.07.1997 regarding the normative price and the selling and buying land, as well as the Government Decision nr 1451 of 24.12.2007 „For adopting the Regulation concerning the assignment, change of use and land exchange” has been adopted. The draft law is being examined by the Government but it received a negative opinion from the Ministry of Finance, so that MAFI asked for this draft law to be excluded from the Action Plan. GAP 2012-2015 also provides for *attracting investments for developing the Agricultural Center and regional and local markets* until the fourth quarter of 2015, creating and consolidating an informational center for agricultural marketing (until the second semester of 2014). Regarding the first measure, the plot for the Agricultural Center has been identified and the pilot version of the web site of the Chisinau Agricultural Center has been launched (www.agrocentru.md). According to the information provided by the MAFI, currently an urban plan and a detailed technical project for the market construction are being examined.

Regarding *eliminating unofficial barriers in the way of agricultural export and simplifying export procedures*, GAP provides for an informational system for issuing certificates needed for the export of agricultural products until the fourth quarter of 2013, as well as developing and promoting the Government decision concerning the registration, protection, use and promotion of the national quality symbol (first quarter of 2013). Regarding the proposal to *create an efficient intervention system through public agricultural products procurements*, GAP provides for the development of a draft Government decision concerning approving the List of agricultural products that have to be mandatorily acquired by contracting authorities from local producers (fourth quarter, 2014).

3. Regarding the proposals for the *facilitation of the access to financing*, GAP provides for developing draft laws concerning the amendment of the Civil Code of the Republic of Moldova nr.1107-XV of 6.06.2002 and Law nr. 449-XV of 30.07.2001 concerning collateral for the exclusion of notarized authentication of the mortgage contract, until the fourth quarter of 2012, in order to reduce expenses related to crediting. Also, this document provides for attracting financial assistance in the form of grants for developing the production capacity of small and medium business in the rural sector (fourth quarter of 2014) and intensifying the process of crediting within the Second Component of the National Program for youth economic ability – partial financing, through grants, of private projects of young beneficiaries (fourth quarter, 2012).

4. In order to increase *transparency regarding the use of the resources of the farmers’ subvention fund*, the Government is planning to develop a draft Government Decision for adopting the Regulation concerning the use of the resources of the farmers’ subvention fund until the first quarter of 2014.

5. Regarding the proposals for *offering fiscal incentives and exemptions* in order to support the sector, the representatives of the sector have stated that none of these is found in the actions or plans of the authorities. On the contrary, they have noted a worsening of the situation once with the adoption in the draft budget for 2013, of the increasing of the VAT for sugar, crop and livestock production from 8% to 20%. The representatives of the sector have once again claimed attention to the negative consequences that this measure will have for farmers who have already been severely affected by this year's drought.

6. Regarding considering wine as an *agricultural product*, the draft law nr. 900 of 3.05.2012, which includes wine into the category of agricultural products, have been developed by the MAFI and are currently in the Parliament. Also the concept of the National Wine Registry and the Vineyard Cadaster has been formulated and the launch of a pilot project is being prepared; currently the state is looking for finances for its launch. According to GAP, developing a draft Government decision concerning adopting the Regulation for vineyard registry is scheduled for the fourth quarter of 2013, and the development of the Government Decision for adopting the Regulation concerning the Vineyard Cadaster – until the third quarter of 2012. Regarding *excluding the compulsoriness of standards, technological instructions and other normative-technical documents*, these will be developed after the adoption of the draft law nr. 900 of 3.05.2012. GAP provides for the development of a draft Government decision concerning amending and supplementing the Government Decision nr. 356 of 11.05.2009 „For approving the Technical regulation „The system of organizing the wine market and product traceability” until the fourth quarter of 2012. Regarding the *organization and management of a wine chain based on the public-private partnership and creating a Fund of Wine and Vineyards in order to stimulate wine export and the production of quality wines – those with Protected Denomination of origin (PDO) and IGP*, these measures will be implemented after the adoption of the draft law nr. 900 of 3.05.2012. GAP provides for the development of a normative framework for the functioning of the National Office of Wine and Vineyards with a deadline in the third quarter of 2012 and a draft law for amending and supplementing Law nr. 66-XVI of 27.03.2008 concerning the protection of geographic indexes, denominations of origin and guaranteed traditional specialties, as well as the draft law concerning amending and supplementing the Law of wine and vineyards nr. 57-XVI of 10.03.2006 (fourth quarter, 2012).

Transport Sector

Priority fields	Necessary Solutions	Degree of implementation
Transportation policy framework	1. Accession of the Republic of Moldova to the conventions and agreements of the Inland Transport Committee of the United Nations European Economic Commission for transport and adjusting national legislation for international transport to EU requirements and standards;	<i>Without changes</i>
	2. Developing and adopting a Policy (Strategy) concerning the development of transport in the Republic of Moldova for 10 years.	<i>Without changes</i>
Transport normative and regulatory framework	3. Eliminating customs barriers for international cargo transports, simplifying customs procedures and eliminating technical barriers;	<i>Partially implemented/In the process</i>
	4. Eliminating bureaucratic and administrative barriers for cargo and passenger transportation; adjusting the legislation of the Republic of Moldova concerning the normative acts of MTRI and Railway of Moldova to international standards (Incoterms-2010, FIATA, etc.)	<i>Without changes</i>
Passenger transportation	5. Fighting illicit passenger transportation and optimizing the regular route network ;	<i>Without changes</i>
	6. Adjusting passenger transportations tariffs and taking measures that would lead to reducing loss and diminishing transporters' expenses;	<i>The situation has worsened</i>
	7. Paying the debts to transporters and developing an efficient system of compensating expenses for the transportation of passengers who benefit of transport discounts.	<i>Without changes</i>

The detailed description of the degree of implementation of the proposals of the business for every solution from the sector agenda of the transport sector can be found in TABLE 4.

1. Regarding the accession of the Republic of Moldova to the conventions and agreements of the Inland Transport Committee of the United Nations European Economic Commission for transport and **adjusting national legislation for international transport to EU requirements and standards** the sector representatives of the business have not noted any progress. Moldova continues to be a part of only 19 of the 57 conventions and agreements of the above mentioned body, which makes Moldavian transporters face difficulties and obstacles on crossing borders during international cargo and passenger transportation as compared to other countries. Because of this Moldova keeps to lose important funds and possibilities to benefit from international assistance in rehabilitating transport infrastructure and adjusting local transport to international standards.

2. The representatives of sector associations have not stated any progress regarding developing and adopting a policy (**Strategy**) **concerning the development of transport** in the Republic of Moldova for a longer period either, although the Government Action Plan for 2012-2015 provides for the development of a strategy for transport market, based on the EU policies and recommendations until the fourth quarter of 2012.

3. Regarding the proposals for *eliminating customs barriers for international cargo transports and simplifying customs procedures and eliminating technical barriers*, the representatives of the business

stated progress only concerning the elimination of visa payments for professional drivers and simplifying the procedures for its issuance. Also a partial progress has been noticed regarding *determining taxes for transit services and the level of its taxation* as well as regarding *the acceleration of the transition period for harmonization and unification of the rules and conditions for conducting international motor transport in the CIS*. Regarding *eliminating barriers for international cargo transit by adopting measures for simplifying border crossing*, no progress was noticed; on the contrary, the representatives of the sector still note numerous barriers like the arbitrary establishment of the transit time, issuing internal normative acts of the Customs Service that introduce additional barriers in crossing the border, violating international agreements signed by the Republic of Moldova, concerning drivers' work ad rest regime (Order nr. 155-O of 25.05.2011 and other Orders previously adopted for its revision, Order nr. 288-O of 20.06.2012 (which is not published), Order nr. 276-O of 24.10.2012, etc.), mandatory payments for transport weighting, etc.

4. Regarding the suggestions of the sector business representatives for ***eliminating bureaucratic and administrative barriers for cargo and passenger transportation*** and ***adjusting the legislation of the Republic of Moldova concerning the normative acts of MTRI and Railway of Moldova to international standards (Incoterms-2010, FIATA, etc.)***, no changes have been noticed. The Government Action Plan for 2012-2015 provides for the liberalization and development of competition on the railway transportation services market, examining the possibilities for the railway concession to the private sector, restructuring the „Raylway of Moldova” State Enterprise until the end of the second quarter of 2014, but for the moment no progress has been noticed on this part. On the opposite, the tax for the license and financial guarantee was increased for logistics companies that use railway services although the quality of the service offered by the Railways of Moldova has not improved. Also no progress has been noticed regarding the bringing of the MTRI normative acts and instructions in compliance with Incoterms-2010 standards, as well as concerning adjusting Raylway of Moldova instructions to the legislation of the Republic of Moldova, which makes the activity of logistics companies that work with international transport documents extremely difficult. The regulations in the field of multimodal transportation haven't still been harmonized with the international ones and this fact creates differences in the way documents are issued. Although the Government has approved the Incoterms agreement back in 2011, up to now not even the harmonization schedule has been developed. The agreement concerning the FIATA invoice was approved back in 2002, but it has not yet been implemented in the Republic of Moldova.

5. Regarding the solutions for ***fighting illicit passenger transportation*** and optimizing the regular route network, the representatives of sector associations have noted progress only regarding *improving the licensing system for passenger transportation* which is provided for in the draft Route Transportation Code, as well as regarding *amending and supplementing the Contravention Code in order to tighten penalties for illegal passenger transportations*. Thus the penalties for illegal passenger transportation have been tightened (art. 197 of the Contravention Code.) At the same time, sector associations note the fact that the tightened penalties have not solved the problem of illegal passenger transportation; on the opposite, the situation has worsened because of the lack of a permanent mechanism for controlling and fighting this phenomenon. Regarding the provision of *some technical regulations concerning the requirements for transport units admitted for passenger and baggage transportation*, as well as *respecting the procedures for INTERBUS card issuance and the control over occasional transportation by the National Agency of Auto Transport Public Agency*, the representatives of the business have noted that the situation has not changed.

6. Regarding ***adjusting passenger transportations tariffs*** and ***taking measures that would lead to reducing loss and diminishing transporters' expenses*** as well as ***paying the debts to transporters and developing an efficient system of compensating expenses for the transportation of passengers who benefit of transport discounts*** progress has been noticed only regarding *„Stimulating the import of transport units for passenger transportation that correspond to the Euro 3 ecological requirements and higher.”* Thus the draft budget for 2013 provides for the VAT reimbursement for passenger transport units. Progress has also been noticed concerning *paying the debts of central and local public bodies to transporters for transporting passengers*

with facilities. At the same time, no mechanism for substituting transport facilities for certain categories of passengers with nominal compensations has been developed, or any other mechanism that would provide for compensating transport facilities for certain categories of passengers, therefore the problem cannot be solved by paying the debt to transporters. Although past debts are being paid, the lack of such a mechanism leads to new ones.

Although the problem of the lack of an efficient methodology for calculating travel fares has been the sector's headline for many years, the representatives of the business have stated no progress here. On the contrary, once with the continuously growing prices for fuel, spare parts etc., this problem has become even more important for transporters. Although the new draft of the Route Transport Code, which is at the negotiation stage with the Ministry, at the initiative of business associations, provides for the liberalization of tariffs for passenger transportation with a limit for the profit margin, there are still uncertainties concerning the final content of this provision, the terms for its adoption, and the practical way of implementing this mechanism. Regarding the problem of a more efficient control over the formation of prices for fuel by the National Agency for the Regulation in the Energy Sector and the National Agency for Protection of Competition in order not to admit an unjustified price-growth for fuel, the representatives of associations from this sector have noted a regress under the conditions when the prices for fuel grow. The growth is unjustified in a total lack of transparency in establishing prices and an efficient control over cartel agreements and application of anti-competition practices.

Construction Sector

Priority fields	Necessary Solutions	Degree of implementation
Public acquisitions	1. Amending art. 46 and 59 in Law nr. 96-XVI of 13.04.2007 concerning public procurements and other provisions of normative acts in force, referring to public procurements	<i>Partially implemented</i>
Regulatory framework concerning housing	2. Adopting a Code on housing	<i>Partially implemented</i>
Labor force, workers' social protection	3. Adopting a Law regarding Builders' Social Fund	<i>Without changes</i>
Quality in construction	4. Introducing professional certification for construction companies in order to guarantee construction works in compliance with national standards harmonized with EU requirements	<i>Partially implemented</i>

The detailed description of the degree of implementation of the proposals of the business for every solution from the sector agenda of the construction sector can be found in TABLE 5.

1. In compliance with Law nr. 140 of 15.06.2012 for *amending art. 46 and 59 in Law nr. 96-XVI of 13.04.2007 concerning public procurements* (published on 20.07.2012 in the Official Monitor Nr. 149-154), amendments to articles 46 and 59 have been introduced so that now an offer is considered abnormally low if the value of the offer for public work procurements represents less than 85% of the estimated work value, calculated by the contracting authority. The contracting authority can cancel the procedure of attributing the public procurement contract in case of public work procurements, when the value of the offers is at least 15% greater or lower than the estimated value of the work, calculated by the contracting authority. At the same time, the rest of the proposals for modifying public procurement procedures have remained unchanged. The representatives of sector business associations state that although art. 46 has been amended according to their suggestions, in practice the provision is not respected. The same thing is states for art. 59, p.1 (c) which, although has been presented according to the suggestion made by sector associations, is not always respected in practice.

2. Regarding adopting *a Code on housing*, a draft Law on housing has been developed and is currently at the stage of approval by the Ministry of Construction and Regional Development. This draft Law has received positive opinion from sector associations.

3. Regarding *adopting a Law on Builders' Social Fund*, the representatives of sector associations have not noted any progress. Although there is a positive opinion on the law from the part of the work group, the Ministry of Construction and Regional Development has given it a negative opinion and the draft law has not been submitted for approval.

4. Regarding the proposal of the representatives of the business from the sector to *introduce a professional certification for construction companies*, The Government Action Plan 2012-2015 provides for developing a draft Code for constructions until the end of the fourth quarter of 2012. This draft Code has been developed and is currently discussed by the work group. Also, according to the Government Action Plan 2012-2015, adopting international standards in the field of constructions is planned until the end of the fourth quarter of 2014.

TABLE 2

ICT Sector

Priority fields	NBA Priorities	Indicators of Performance	Degree of implementation
Administrative and tax field	Prolonging fiscal incentives for IT companies and eliminating the burdening provisions that do not stimulate the sector's development;	<ul style="list-style-type: none"> - Prolonging fiscal incentives for IT companies that were in force until 2011 - Simplifying conditions that are necessary for simplified fiscal incentives - Updating the Tax Code on classification of economic activities in accordance with NACE 2005 	<p><i>Implemented</i></p> <p><i>No changes</i></p> <p><i>Partially implemented/In the process</i></p>
	Increasing the efficiency and transparency of public procurements; clear and equal rules for public and private companies.	<ul style="list-style-type: none"> - Introducing a digital system for publishing and public procurement; - Introducing quality criteria in the process of public procurement (PP) - Introducing technical tax expertise (task logs) from the professional community - Equal conditions and criteria for local and foreign companies in the PP process - Introducing the obligativity for the Agency for Public Procurement to give way to the demands for explanations concerning auction conditions - Creating an audit body to monitor contract performance of functional PP 	<p><i>No changes</i></p> <p><i>No changes</i></p> <p><i>No changes</i></p> <p><i>No changes</i></p> <p><i>Partially implemented/In the process</i></p> <p><i>No changes</i></p>
	Eliminating unfair competition and barriers in the way of ICT sector development;	<ul style="list-style-type: none"> - Approving a procedure for creating, accessing and using common infrastructure for electronic communications (EC) - Approving a regulation on interconnection pricing and tariffs on the electronic communications market - Elimination of cross-subsidization of Moldtelecom services - Removal of administrative barriers in the construction of communication lines that pass through the property of third parties - Approving the development strategy of broadband access to the Internet network 	<p><i>Partially implemented/In the process</i></p> <p><i>Partially implemented/In the process</i></p> <p><i>Without changes</i></p> <p><i>Partially implemented/In the process</i></p> <p><i>Partially implemented/In the process</i></p>

Competition environment	Effective copyright protection.	- Legislation on intellectual property practices updated in accordance with European legislation (Law no. 139 of 02.07.10 on copyright and related rights supplemented and amended)	<i>Partially implemented/In the process</i>
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TABLE 3 Agricultural Business and Wine Industry Sector

Priority fields	NBA Priorities	Indicators of Performance	Degree of implementation
Compliance with European standards	A better compliance of all the technical regulations concerning agricultural products to international standards and the stimulation of the certification of agricultural products in compliance with ISO, HACCP, GLOBALGAP, etc.	- Technical regulations concerning agricultural products in compliance with international standards	<i>In the process of implementation</i>
	The liberalization, according to European standards, of the licensing conditions for buying in-puts used by the agricultural sector.	- Liberalized conditions, in compliance with European standards, for licensing and buying fertilizers, manure and pesticides	<i>Implemented</i>
	Creating a network of adequately equipped zone laboratories that would correspond to European standards.	- Creating a network of adequately equipped zone laboratories for phytosanitary control	<i>In the process of implementation</i>
	Negotiating with the EU regarding establishing a Deep and Comprehensive Free Trade Area (DCFTA) and admitting all Moldavian agricultural products on the EU market without limitations and additional tax, different from that applied in the EU, under the condition that these products conform to EU quality standards	- Free access for Moldavian agricultural products on the EU market	<i>In the process of implementation</i>
	Identification of some mechanisms for the protection of local farmers in the process of negotiations of a future agreement for free trade with the EU.	- Mechanisms for the protection of local farmers negotiated and approved in the frame of the DCFTA	<i>In the process of implementation</i>
Agricultural production and marketing	Stimulation by the State of the development of the high-value agriculture sector (HVA): encouraging the plantation of orchards and vineyards (especially table varieties), cultivation of vegetables, sugar beet, creating an infrastructure for the preservation, freezing, packaging and selling of HVA products, This can be implemented by offering subventions, fiscal incentives and other available methods of stimulation	- Encouraging the plantation of orchards and vineyards, cultivation of vegetables, sugar beet, creating an infrastructure for the preservation, freezing, packaging and selling of HVA products	<i>No changes</i>

	Stimulating cooperatives and associations in fields like the marketing of agricultural products, in-puts supply, creating a post-harvest infrastructure, and selling agricultural products, through permanent tax incentives for such associations and cooperatives	- Creating cooperatives and associations for agricultural production and marketing	<i>No changes</i>
	Simplifying the legislation regarding the modification of the destination of agricultural land in order to facilitate the construction of post-harvest infrastructure; creating a market infrastructure for selling agricultural products, including through the implementations of the provisions of the Program for market infrastructure development adopted by GD nr. 741 of 17.08.2010, which provides for the creation of the Chisinau Agricultural Center and 7 regional wholesale agricultural markets.	- Simplifying the legislation regarding the modification of the destination of agricultural land - The creation of the Chisinau Agricultural Center and 7 regional wholesale agricultural markets in compliance with GD nr. 741 of 17.08.2010	<i>No changes</i> <i>No changes</i>
	Introducing a control mechanism over the import of agricultural resources (agricultural machines, irrigation systems, seeds and planting material, reproductive material, fertilizers and pesticides, etc.) and fiscal incentives for their import;	- A control mechanism over the import of agricultural resources (agricultural machines, irrigation systems, seeds and planting material, reproductive material, fertilizers and pesticides, etc.) - Fiscal incentives for their import.	<i>No changes</i> <i>No changes</i>
	Eliminating unofficial barriers at the export of agricultural products and maximal simplification of export procedures;	- Eliminating unofficial barriers in the way of export of agricultural products. - Simplified export procedures for agricultural products.	<i>In the process of implementation</i> <i>In the process of implementation</i>
	Adopting a special law regarding the national brand for all Moldavian agricultural products „Made in Moldova” and product brands and promoting quality Moldavian agricultural products marked by this brand on external markets.	- Adopting a special law regarding the national brand for all Moldavian agricultural products;	<i>In the process of implementation</i>
	Creating an efficient functioning system of intervention through public procurements of agricultural products that would stabilize the market of agricultural products and exclude the exaggerated price fluctuations that have a negative impact on entrepreneurship.	- Creating a system of intervention through public procurements of agricultural products;	<i>No changes</i>
Access to financing	Amending the legislation for simplifying formalities and reducing costs related to the process of pledging (cadaster, notary), as well as internal bank formalities that complicate the process of obtaining a credit.	- Simplified formalities and reduced costs related to the process of pledging	<i>In the process of implementation</i>
	The evaluation of the pledge to be made exclusively by independent firms, united under a Specialized Evaluation Chamber within the NBM, and commercial banks are to stop the practice of laying material responsibility upon	- Adopting regulations that would eliminate the practice of laying material responsibility upon evaluation firms	<i>No changes</i>

	evaluation firms		
	State institutions have to be more active in attracting external technical assistance, because the technical assistance of external donors can be an important factor for pushing the modernization of the agricultural sector and a structured organization of the main value chains	- A greater number of grants, external loans for the financing of the agricultural sector	<i>In the process of implementation</i>
	Adopting a legal norm that would offer maximally favorable conditions for implementing external projects that offer investment grants to local farmers.	- Modified legal norms for registering and implementing external projects with grants.	<i>No changes</i>
	Attracting a greater number of external projects with conditions similar to the Moldo-Japanese 2KR	- A greater number of external projects with conditions similar to the 2KR project	<i>In the process of implementation</i>
	The participation of representatives of associations from the sector as well as other non-governmental organizations that specialize in agriculture in administering external projects.	- Adopting norms that would establish the participation of representatives of associations from the sector as well as other non-governmental organizations that specialize in agriculture in administering external projects	<i>No changes</i>
Subvention system	Assuring transparency in developing the regulation regarding the using of the means of the subvention fund for agricultural producers	- The way of using the means of the subvention fund for agricultural producers should be made public and open to consultations before being adopted.	<i>In the process of implementation</i>
	Adopting the subvention fund for and distributing means to the beneficiaries in time	- Subvention Fund adopted until January 1 of every year	<i>In the process of implementation</i>
	Increasing the fund for subventing agricultural producers up to at least 5% of the budget revenue.	- The fund for subventing agricultural producers increased up to at least 5% of the budget revenues.	<i>No changes</i>
	Establishing simple and clear criteria of selection of beneficiaries without discriminatory conditions of participation (the size of the worked field, the organizational form of the enterprise), a subvention cap and excessive bureaucratic formalities.	- Simple and clear criteria of selecting subvention beneficiaries; - Eliminating restrictions to the access to the subventions for agricultural producers; - Eliminating the maximum subvention cap - Simplified subvention procedures.	<i>In the process of implementation</i>
Tax and customs procedures	Offering fiscal incentives to young employees from the rural area.	- Offering fiscal incentives to young employees from the rural area	<i>No changes</i>
	Maintaining the reduced VAT rate for sugar	- Reduced VAT rate for sugar	<i>The situation has worsened</i>
	Merging income tax, real estate tax, fee for land and CAM into one agricultural tax and the obligation for land owners whose land is worked individually to be registered and kept tax register	- Approving the merged agricultural tax; - Adopting the norm regarding	<i>In the process of implementation</i>

	for (even if simple).	the obligation for land owners whose land is worked individually to be registered and kept tax register for	
	Introducing a standard VAT rate for crop and livestock production with calculation and declaration, but without its payment, As an alternative variant, going back to the 5% rate.	- Introducing a standard rate for crop and livestock production with calculation and declaration, but without its payment; - As an alternative variant, going back to the 5% rate for this production.	<i>The situation has worsened</i>
	Changing terms for paying land tax by establishing dates for October 15 and December 15.	- The terms for paying land tax established for October 15 and December 15	<i>No changes</i>
	Decreasing the tax to the road fund for the vehicles of agricultural enterprises that are used for transporting employees with up to 50%	- Tax to the road fund for the vehicles of agricultural enterprises that are used for transporting employees reduced by 50%	<i>No changes</i>
	Eliminating taxes for the water used for irrigation, in order to revitalize the irrigation process and reimbursement of excise duty on diesel used for agriculture	- Eliminating taxes for the water used for irrigation; - Reimbursement of excise duty on diesel used for agriculture.	<i>No changes</i>
Administrative-normative and regulatory framework in the wine-making sector	Consecration of wine as food product	- Adopting norms that would put wine in the category of food products.	<i>In the process of implementation</i>
	Creating the National Wine Register and the National Vineyard Cadaster.	- Creating the National Wine Register and the National Vineyard Cadaster.	<i>In the process of implementation</i>
	Excluding mandatory technological standards, instructions and other normative-technical documents by adopting the unified Technical regulation	- Adopting the unified Wine and Vineyard Technical regulation	<i>In the process of implementation</i>
	Organization and management of the wine chain based on the public-private partnership	- Organization of the wine chain based on the public-private partnership	<i>In the process of implementation</i>
	Creating the Fund of Wine and Vineyards in order to stimulate wine export and the production of quality wines – those with Protected Denomination of origin (PDO) and IGP, by equal contribution from winemakers and the state (by 50% each)	- Creating the Fund of Wine and Vineyards based on state's and winemakers' contributions (up to 50% each).	<i>In the process of implementation</i>

TABLE 4

Transport sector

Priority fields	NBA Priorities	Indicators of Performance	Degree of implementation
Transport policy framework	Accession of the Republic of Moldova to the conventions and agreements of the Inland Transport Committee of the United Nations European Economic Commission for transport and adjusting national legislation for international transport to EU requirements and standards	<ul style="list-style-type: none"> - Accession of the Republic of Moldova to all 57 conventions and agreements of the Inland Transport Committee of the United Nations European Economic Commission for transport; - Adjusting national legislation for international transport to EU requirements and standards 	<p><i>No changes</i></p> <p><i>No changes</i></p>
	Developing and adopting a Policy (Strategy) concerning transport development in the Republic of Moldova for 10 years	<ul style="list-style-type: none"> - Adopting a Policy (Strategy) concerning transport development in the Republic of Moldova for 10 years 	<i>No changes</i>
Transport normative-regulatory framework	Eliminating customs barriers for international cargo transports, simplifying customs procedures and eliminating technical barriers	<ul style="list-style-type: none"> - Simplified customs procedures for international cargo transit - Eliminating visa payment for professional drivers and simplifying the procedure of its issuance - Introducing the international weighting certificate (for CIS countries and Europe) - Determining the tax level for transit services and their taxation - Conclusion of the harmonization and unification of rules and conditions for conducting international auto transportation in the CIS 	<p><i>The situation has worsened</i></p> <p><i>Implemented</i></p> <p><i>No changes</i></p> <p><i>Partially implemented/In the process</i></p> <p><i>Partially implemented/In the process</i></p>
	Eliminating bureaucratic and administrative barriers for cargo and passenger transportation; adjusting the normative acts of MTRI and Railway of Moldova to international standards (Incoterms-2010, FIATA, etc.) and to the legislation of the Republic of Moldova	<ul style="list-style-type: none"> - Conformity of MTRI normative acts and instructions with Incoterms- 2010 and conforming Railway of Moldova instructions to the legislation of the Republic of Moldova (Tax Code, Customs Code, standards of accounting) - Reorganizing Raylway of Moldova in a joint stock company and privatizing assets not related to the business profile and those removed from the economic circuit - Introducing the unified FIATA transport invoice; - Develop air passenger regulation with determining regular and irregular flights - Exclusion of the minimum level of tariffs for tourist transports (Government Decision nr. 854 of 28.07.06 (art. 57) amended) 	<p><i>No changes</i></p> <p><i>No changes</i></p> <p><i>No changes</i></p> <p><i>Partially implemented/In the process</i></p> <p><i>No changes</i></p>

Passenger transportation	Fighting illicit passenger transportation and optimizing the regular route network	- Improving the system of passenger transport licensing;	<i>Partially implemented/In the process</i>
		- Tightening penalties for illicit passenger transportation (by modifying the Contravention Code)	<i>Implemented</i>
		- Applying the permanent control mechanisms over passenger transportation	<i>The situation has worsened</i>
		- Adopting technical regulations regarding the requirements for vehicles admitted to passenger and luggage transportation	<i>No changes</i>
		- Respecting the procedures for INTERBUS card issuance and the control over occasional transportation by the National Agency of Auto Transport Public Agency	<i>No changes</i>
	Adjusting passenger transportations tariffs and taking measures that would lead to reducing loss and diminishing transporters' expenses	- Modifying the methodology of calculating tariffs for passenger transportation (in compliance with GD 1167 of 29.10.07), based on the real expenses of economic agents, or on normative costs, adapted to the real conditions of passenger transport activity in the Republic of Moldova - Optimizing regular routes in passenger transportation - A more efficient control over prices for fuel by the National Agency for the Regulation in the Energy Sector and the National Agency for Protection of Competition; - Exempting VAT for the import of vehicles for passenger transportation that correspond to Euro 3 requirements	<i>No changes</i> <i>No changes</i> <i>The situation has worsened</i> <i>Partially implemented/In the process</i>
	Paying the debts to transporters and developing an efficient system of compensating expenses for the transportation of passengers who benefit of transport discounts	- Paying debts to transporters for transporting categories of passengers that benefit from discounts - Substituting transport discounts/facilities by nominal compensations	<i>Partially implemented/In the process</i> <i>No changes</i>

TABLE 5

Construction sector

Priority fields	NBA Priorities	Indicators of Performance	Degree of implementation
Public procurements	Amending art. 46 and 59 in Law nr. 96-XVI of 13.04.2007 concerning public procurements and other provisions of normative acts in force, referring to public procurements	<ul style="list-style-type: none"> - Amending art. 46 so that an offer is considered abnormally low if the offered price, without VAT, is at least 15% less than the estimated price calculated by the contracting authority; - Eliminating the provisions of art. 59, p. (1), according to which the contracting authority has the right to cancel the PP contract only before the date of communicating the result of the PP procedure; - Including art. 59, p (1) in the formula: „in case of public work procurement, the value of the offer is 15% greater or smaller than the estimated value of the works, calculated by the contracting authority.” - Adopting norms that would indicate the validity terms of the verification report; - Eliminating art. 2.3, line a) p.3 and line b) from the GD nr. 1121 of 10.12.10; - Offering the permission to participate at PP auctions in construction only depending on the statements of the Committee for the re-evaluation of technical capacities of economic agents, differentiated by work value (up to 1 mill. lei, from 1-5 mill. lei, from 5-10 mill. lei, over 10 mill lei, etc.); - Adopting norms that would indicate for a constant value for the salary of a worker in the estimate offer 	<p><i>Implemented</i></p> <p><i>No changes</i></p> <p><i>Implemented</i></p> <p><i>No changes</i></p> <p><i>No changes</i></p> <p><i>No changes</i></p> <p><i>No changes</i></p>
Housing regulatory framework	Adopting a Code on housing	<ul style="list-style-type: none"> - Adopting a Code on housing 	<i>Partially implemented</i>
Labor force, workers' social protection	Adopting a Law regarding Builders' Social Fund	<ul style="list-style-type: none"> - Adopting a Law regarding Builders' Social Fund; 	<i>No changes</i>
Quality in construction	Introducing professional certification for construction companies	<ul style="list-style-type: none"> - Adopting a National Registry of certified construction companies; - Regulating the certification of construction companies (referring to the evaluation of construction companies, surveillance system, technical skills assessment, classification system by technical capacity, fields of activity, etc.) 	<p><i>No changes</i></p> <p><i>Partially implemented</i></p>