



Supporting the digitalisation of governance in Moldova

January 2022

Overview

The Covid-19 crisis has increased the demand for and use of digital services. The EBRD has supported Moldova's digital transformation in two ways. First, it appointed a digitalisation expert to advise on and coordinate the implementation of the government's digitalisation roadmap. And second, it facilitated public-private dialogue through the development of a virtual business community web portal and mobile application, which enable real-time communication on economic reform priorities. The engagement helped the authorities prioritise digitalisation as part of its Covid-19 policy response while laying the foundations for more ambitious policy work in the future.

What is the context of the policy engagement?

Moldova has been severely affected by the Covid-19 pandemic. However, digital transformation has advanced. The Economic Council under the Prime Minister, which is supported by the European Bank for Reconstruction and Development (EBRD), has played a key role in helping the government to shape economic policy in light of the pandemic and to solicit feedback on these policies from the private sector. At the same time, the pandemic has motivated the government to reinvigorate the investment climate and boost digitalisation of the economy. Policy measures to contain the pandemic – including social distancing – have propelled businesses towards digitalisation, a cashless economy, and the development of e-commerce and e-public services, as demand for all of these has grown.

Digital governance is helping to accelerate the development of Moldova's economy. The Ministry of Economy and the Economic Council developed a roadmap for the digitalisation of the economy and e-

commerce in consultation with businesses and the donor community. This roadmap supports the government in its efforts to digitise Moldova's economy and society.

Recognising the need to implement the roadmap quickly, a draft digitalisation package was detailed on the EC platform and then approved by parliament in November 2021. The package includes 30 legislative amendments that aim to:

- promote virtual interaction and digital services for businesses, including e-signatures
- stimulate the use of e-commerce by companies and consumers
- simplify customs procedures for the import and export of goods by electronic means and encourage the use of postal and express courier services.

As a result of this engagement, the prime minister agreed to use the EC as a platform for dialogue on digitalisation with the business and donor communities, and established a Consultative Council for the Digitalisation of the Economy (iCouncil). The

iCouncil's work is based on the digitalisation roadmap and as of December 2021 it was working on Digital Legislative Packages 2.0 (e-notary) and 3.0 (e-commerce).

What are the main components of the EBRD's policy support?

In line with the EBRD's Strategic Capital Framework and country strategy priorities for Moldova, the Bank is supporting a rapidly growing portfolio of digitalisation technical assistance projects focused on improving economic governance. Recent projects include supporting a range of digitalisation and fintech initiatives to improve cross-border trade/logistics processes, enhance financial inclusion, promote a cashless economy and support the development of an e-commerce sector. These projects will ensure that essential services to businesses and citizens continue through and beyond the Covid-19 pandemic.

The EBRD has appointed a Digitalisation Adviser to the Economic Council Secretariat (ECS). Funded by the EBRD's Rapid Advisory Response (RAR) facility, this 12-month assignment (January 2021 to January 2022) is designed to provide expert advice on the digitisation of Moldova's economy, using the platform of the Economic Council. In particular, the Digitalisation Adviser supports the government in implementing its digitalisation roadmap effectively.

With support from the Bank's RAR facility, the EBRD has also provided technical assistance to the ECS to develop a virtual business community web portal and

mobile application. These are designed to enable real-time dialogue between public and private sector members of the EC on priority investment climate constraints and policy reform initiatives. The focus is especially on those initiatives designed to support businesses in coping with the economic and operational impacts of Covid-19. The app will allow the EC to more efficiently relay information between the public and private sector communities, who see the EC as a trusted interlocutor. The app "BizRadar" is now available for download from Google Play Store and Apple Store.

All members of the EC, including the donor community and public institutions (ministries and agencies), as well as the managers of companies registered in Moldova, will be able to participate in surveys, have access to legislative news and discussed initiatives, provide feedback and ratings of public institutions' activity and report directly to the prime minister's office. In addition, the app will allow other stakeholders who are not members of the EC, such as members of parliament, civil society organisations or businesses, to have access to information in real time.

What are the key achievements and lessons learned?

The EBRD-supported Economic Council Secretariat has helped to coordinate Moldova's policy response to the Covid-19 pandemic, as well as identify technical assistance initiatives for EBRD support. The EC is an independent vehicle for promoting and leveraging the Bank's policy dialogue and investments, as it is represented by 118 members of the business community and governmental institutions.

The EBRD-funded appointment of a high-level Digitalisation Adviser embedded in the ECS has also been successful. The donor community and stakeholders have been united around development assistance for digitalisation. During the governmental transition period (namely before the presidential elections in November 2020 and parliamentary election in July 2021), the ECS served as a driver to encourage cooperation and dialogue to advance the digitalisation agenda. The roadmap was the only functioning policy document for the sector during the pandemic and political turmoil, and it attracted strong support from the business and donor communities.

In August 2021 the newly appointed government of Moldova prioritised digital technology to improve access to public institutions, transparency and good governance. A dedicated deputy prime minister for digitalisation was appointed, under whom the new iCouncil was launched under the purview of the EC. At the launch event of the iCouncil in October, the deputy prime minister emphasised that "all issues related to the digitisation of entrepreneurship and of the economy will be discussed jointly with the business community in this format – on the Economic Council platform. The objective of this platform is to debate both issues with immediate effect and strategic issues concerning digitalisation initiatives."

Parliament approved Digital Legislative Package 1.0 in November 2021. The reform package further improves the digitisation of interaction between citizens and businesses and the state. It enables remote business registration and administration, the use of electronic signatures in employment relationships, and remote contracting with public utilities. One of the key legislative changes is the

unilateral recognition of qualified advanced electronic signatures issued in EU countries and the possibility for investors and the diaspora to interact remotely with the Moldovan authorities.

Further legislative amendments and initiatives (packages 2.0 and 3.0) are under development. Both packages will address a series of constraints on business development and e-commerce. With a strong cooperation framework and legislative foundation, the new government of Moldova was able to set up a mechanism under which the digitalisation roadmap could transition to a National Digital Transformation Strategy. This would pave the way for necessary decisions and prioritisation to improve the

business and investment climate and support reform and better economic governance in Moldova.

Resistance to digital transformation and administrative inertia could be overcome. The main achievement was tackling the challenge of promoting crucial legal reform due to lack of capacity in public authorities to embrace the digitalisation roadmap and to use legal mechanisms that will enable the roadmap to be implemented. This engagement has shown how proactive and credible the Economic Council is, as well as how united behind the reforms the business community is. This was all complemented by the willingness of many public agencies to provide input on the Digital Legislative Package 1.0 and to support its promotion.

Acknowledgements

This note was produced by Andrei Mazur and Hester Coutanche of the EBRD's Governance and Political Affairs team, part of the Economics, Policy and Governance (EPG) Department. Valuable contributions were made by Lia Alscher, Radu Cracan and Peter Sanfey (EPG).

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