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**DOCUMENT OF THE EUROPEAN BANK  
FOR RECONSTRUCTION AND DEVELOPMENT**

**STRATEGY FOR MOLDOVA  
REPORT ON THE INVITATION  
TO THE PUBLIC TO COMMENT**

PUBLIC

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## ABBREVIATIONS AND ACRONYMS

AIP	Access to Information Policy
CSOs	Civil Society Organisations
EBRD	European Bank for Reconstruction and Development
SMEs	Small and Medium Enterprises

## 1. INTRODUCTION

The objective of this report is to summarise the key comments received from stakeholders during the consultation period on the Bank's Strategy for Moldova and provide the responses of the Bank's management.

In accordance with the EBRD Access to Information Policy (AIP), the draft strategy for Moldova was posted on the EBRD website in English and Romanian for 45 calendar days starting from 16 December 2022. The public was invited to comment on the draft strategy no later than 30 January 2023. The previous strategy was also made available on the EBRD website at <https://www.ebrd.com/strategy-and-policy-coordination/strategy-for-moldova.pdf>.

Information about the public consultation process was posted on the EBRD's dedicated "Have your say" webpage, which highlights the latest opportunities for the public to comment on the Bank's policies and strategies under review. Targeted notifications of the consultation process were sent to local and international civil society organisations (CSOs) that had expressed interest in the Bank's work in the country.

During the consultation period, the Bank received no comments in written format.

In line with the Bank's increased efforts to involve civil society at an early stage of the country strategy development, on 10 November 2022 the EBRD organised a consultative in-person meeting in Moldova with civil society organisations. The objective of the meetings was to collect civil society's feedback during the preparatory phase for developing the draft strategy. Ten participants from ten different civil society organisations participated in the consultation.

The EBRD was represented by the Associate Director of the EBRD Resident Office in Moldova, Associate Director for Country Strategy Coordination, as well as the Economics, Policy and Governance, Country Strategy and Civil Society Engagement teams.

Annex 1 to this report comprises a summary of key messages from civil society with a list of CSOs participating in the consultation process.

## ANNEX 1

### Consultation with civil society on 10 November 2022

In the framework of elaborating a new country strategy for Moldova, the Bank hosted a consultation meeting with Moldova's CSOs on 10 November 2022. The objective of the meeting was for the Bank's team to present the overall priorities of the draft country strategy and collect feedback, comments, and recommendations from CSOs.

In their comments, the CSOs focused on governance and political reform challenges, gender and economic inclusion, green economy and sustainable development, and digital transformation.

#### Governance and political reform challenges

**Transparency and good governance.** Further support is needed from the Bank to promote transparency and good governance which in turn will lead to generating more funding opportunities and attracting investors. Brain drain is an often reoccurring phenomenon.

**Business climate.** The overall business climate in Moldova needs further improvement by enhancing the capacity of government institutions, supporting legislative reforms, and improving access to financing. Big companies should be incentivised to invest in the country and existing foreign investors should be treated fairly. The Bank should continue supporting Moldova's commitment to the overall economic reform agenda.

**Policy dialogue.** Quality policy dialogue between the government and civil society is to be promoted to ensure a better engagement of civil society into the decision-making process. Currently, national authorities are not actively involved in policy dialogue with civil society.

**Justice system.** The reform of the justice system is slow and should be accelerated to fight corruption. A poor justice system impacts the investment climate at the national level and curbs business development opportunities.

**Rule of law and accountability.** The existing efforts of combating corruption should be strengthened, as the element of bureaucracy still exists in the public administration reforms and it affects the reform processes. Grey economy is still significant and bold policies are needed to advance towards full transparency.

**Energy and resource efficiency.** Fostering the efficiency of the energy sector is key and could be achieved by improving the capacity of government institutions (resources and skills). The intended creation of an Energy Efficiency Fund, if correctly structured, could be a solution to implement energy efficiency related policies and actions. Developing renewable energy sources, particularly utility scale, should be enabled and accelerated.

**Access to funding.** There is a pressing need to improve access of the public and private sectors (SMEs, etc.) to more financial instruments (subsidies, loans, municipal loans, etc.).

**Alignment of the EBRD's country strategy with national strategies.** It is important to ensure that the priorities and key initiatives envisaged by the EBRD's country strategy are well aligned with Moldova's national policies and strategies. This could be achieved by means of consultations between the Bank, national authorities, and civil society.

**Public procurement.** Lack of proper government planning and poor or insufficient capacities of national institutions need to be addressed by means of capacity building projects to enhance the effectiveness and efficiency of public procurement. Additionally, the processes must be streamlined.

**Support to SMEs.** It is important to support the operation of existing and establishment of new SMEs at the national level. In particular, support should be prioritised to SMEs generating higher added value and processing domestic raw materials.

**Lack of government capacities.** International partners should support Moldova's government in terms of improving its capacities (institutional, human capital, skills and competencies, etc.) to better deliver the reform agenda.

#### Gender and economic inclusion

**Poor national commitment.** There is lack of government commitment to promote gender and economic inclusion at the national level. Further support from the Bank and international community is needed to bring this issue to the focus of country's authorities and make gender and inclusion an integral component of all national developments.

**Lack of strategy.** There is no strategic approach on the part of the national authorities in terms of promoting gender and economic inclusion in all aspects of social and economic activities in Moldova. A relevant strategy and roadmap should be elaborated.

**EBRD's commitment to gender and economic inclusion.** The representatives of CSOs welcomed the Bank's planned activities to enhance inclusion and strengthen economic opportunities for women and youth.

#### Green economy and sustainable development

**Roadmap for greening of economy.** Moldova lacks a comprehensive roadmap for the greening and sustainable development of economy. CSOs encourages the Bank to support the development of such roadmap in consultations with civil society.

**Social and green entrepreneurship.** Local entrepreneurs are not interested in promoting green initiatives as they are lacking incentives (financial, etc.). The Bank's support is needed to create incentives for the private sector to be able to invest in greening and sustainable development. Social and green entrepreneurship should be advanced by means of advocacy campaigns, capacity building, etc.

**Lack of long-term tax planning.** The promotion of green economy and sustainable development is hampered by unexpected changes in tax legislation. A closer dialogue is needed between the authorities and the private sector prior to adopting any sudden changes to tax legislation. More financial autonomy is required at local public authorities' level to enable sustainable long-term development planning.

**Energy and food security.** The country needs more international support to boost its energy and food security and the Bank's initiatives in this regard are encouraged. Energy security could be enhanced by investing into energy infrastructure and storage capacities. Yet, energy efficiency and energy storage capacity are equally important.

**Waste management.** Waste management is poorly developed due to lack of national resources and capacities. More investment projects are needed to support the development of waste management infrastructure and awareness, coupled with relevant legal reforms. The introduction of an extended producer responsibility mechanism is highly recommended.

**Public-Private Partnerships.** Public private partnerships are poorly regulated and operationalised in Moldova. These should be promoted by means of advocacy to support sustainable and resilient infrastructure development and improving the legal framework.

**Financial instruments.** Moldova needs better access to financial instruments for greening of the economy – bonds, loans, etc. The Bank is encouraged to facilitate access to financial instruments at the national level to support the green transition and sustainable development.

#### Digital transformation

**ICT development strategy and roadmap.** Moldova needs to develop in close dialogue with civil society and the private sector a clear strategy and roadmap for the digital transformation of its economy and society. The Bank and international partners could help to advance this process.

**ICT funding and infrastructure.** To advance digital infrastructure, Moldova needs more investments and other types of support into enhancing ICT infrastructure and skills development in the public and private sectors. Cyber security is an increasing challenge that needs to be addressed. A network of consultants could be established to provide ICT capacity building support to businesses. Further development of telecommunications infrastructure and connectivity network is essential.

**FinTech solutions.** FinTech is poorly developed in Moldova and requires urgent investment from the Bank and other international development partners. Digitalisation of public services, e-governance and other related solutions remain a priority.

List of CSOs participating in the consultation process

1. American Chamber of Commerce
2. East Europe Foundation
3. EcoContact
4. EcoVisio
5. EU4Moldova: Startup City Cahul
6. European Business Association
7. Expert-Grup
8. Foreign Investors Association
9. International Center “La Strada” Moldova
10. The Moldovan Association of ICT Companies (ATIC)