



Goal 8

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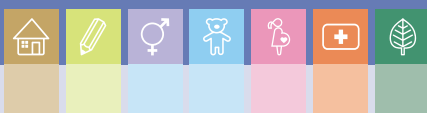
CREATE A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Civil Society and Private Sector Contribution to
Achieving the National Targets of MDG 8 in the
Republic of Moldova



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LIST OF ABBREVIATIONS AND ACRONYMS

AmCham – American Chamber of Commerce

FIA – Foreign Investors Association of Moldova

BCI – Business Consulting Institute

WB – World Bank

NBM – National Bank of Moldova

CEFTA – Central European Free Trade Agreement

NPC – National Participation Council

NYCM – National Youth Council of Moldova

EG – „Expert Grup” Analytical Independent Centre

IMF – International Monetary Fund

IDIS – „Viitorul” Institute for Development and Social Initiatives

IDPC – Institute for Development of Professional Capability

FDI – Foreign Direct Investments

MET – Ministry of Economy and Trade

ODSME – Organization for Development of Small and Medium Size Enterprises

MDG – Millennium Development Goals

WTO – World Trade Organization

NGO – Non-governmental organizations

UN – United Nations Organization

CSO – Civil society organizations

ATP – Autonomous Trade Preferences

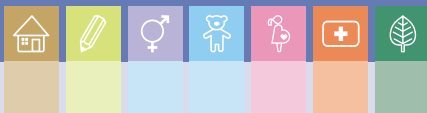
GDP – Gross Domestic Product

UNDP – United Nations Development Programme

SC – Civil society

VAT – Value added tax

DCFTA – Deep and Comprehensive Free Trade Area



EXECUTIVE SUMMARY

Millennium Development Goal 8 (**MDG 8**) consists of six targets. The targets are intended to enhance the situation in several fields: (target 1) develop the financial and trade systems; (target 2) upgrade transportation and customs infrastructure; (target 3) monitor external debt; (target 4) reduce youth unemployment; (target 5) ensure access to essential medicines; (target 6) build an information society.

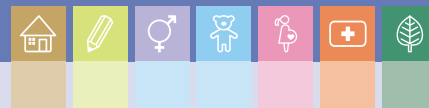
The particularities of **MDG 8** derive from the diversity of issues included in this goal. Most targets have an economic essence (except the target aimed at access to medicines), nevertheless, it is difficult to ensure a continuity or connection among the issues subject to analysis. Such a variety of issues generated much confusion among the respondents. Thus, several business entities tend to underestimate their contribution to **MDG 8**. Or, such respondents consider they have a direct impact solely on one target. In the same time, the in-depth interview showed that the activity of the company/SCO is to a certain extent related to two or even three targets of **MDG 8**.

This report makes the analysis of the role and contribution of civil society organizations and private sector to achieving the targets of Millennium Development Goal 8 „Create sustainable partnerships for development” (**MDG 8**). The major goal of the survey is to point out the contribution and the role of civil society organizations and private sector in achieving **MDG 8**.

The analysis of the degree of involvement of business entities and civil society reveals a visible difference between their contributions, depending on the target and category of stakeholder involved in achieving it. As it might be expected, private sector representatives played a prominent role in the context of the first target aimed at strengthening business environment and establishing clear game rules through encouraging exports and investments. The involvement of business sector is mainly manifested through entrepreneur associations which, in their turn, develop and promote initiatives among their members. The most frequent problems emerged in the context of the first target are related to administrative barriers, tax regime and various aspects of business environment.

A more modest, but still prominent involvement of the business sphere was identified in the context of the second target, too. Companies which provide logistic services are mainly involved in dealing with the issue of the country's landlocked situation. Again, their involvement is exercised through the associations of companies representing the interests of their members. In this case, the issues of concern are related to export/import customs and administrative procedures, border checkpoints and their capacity. Despite some positive results, it is still difficult to assess the net contribution of lobby actions, because of the fact that Government has undertaken a series of measures aimed at modernization of customs points within the plan for development of a Deep and Comprehensive Free Trade Area between the Republic of Moldova and the European Union.

The problem of youth unemployment is another matter of particular concern. Some companies carry out campaigns for employment and training of young graduates; allocate funds to support vocational training programmes, have a close cooperation with educational institutions. Such activities are mostly conducted by large companies (such as Orange, Moldcell, Endava), but, in addition to them, practically all respondents have shown concern about this issue, expressed their opinions about the causes of this problem and suggested solutions for achieving Target 4.



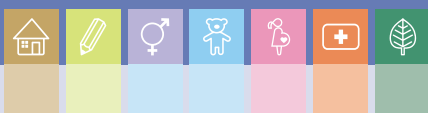
Regardless of the level of involvement, the interviewed representatives of the business sphere recognized that their contribution to **MDG 8** is mainly involuntary, while the endeavours focussed on one or another target are correlated with their internal goals. This fact explains the modest involvement of companies to achieving Targets 3 and 5 (monitor the external debt and, respectively, ensure access to essential medicines). In order to enhance the situation in such specific fields, companies must put distinct efforts which are not congruent with the measures undertaken by them for getting a profit. Pharmaceutical companies operating on Moldovan market (both foreign, and national companies) are an exception from this viewpoint.

In their turn, civil society organizations approach the targets of **MDG 8** from a rather theoretical perspective. Non-governmental organizations exercise the function of sentinel and messenger, they analyze the state of affairs in a field or in another, propose solutions to the business sphere and governmental institutions, make attempts to build a bridge for cooperation between business entities and public authorities. In other words, the nature of the contribution of civil society representatives differs substantially from the contribution of companies.

In the same time, there are also some similarities. Likewise the business sector, civil society is segmented into several categories, depending on the targets to which it contributes. For instance, a certain number of NGO-s have a larger involvement in the context of Target 1 – develop the financial and trade systems. Their contribution consists in conducting surveys, organizing roundtables, holding public opinion polls, making policy analyses. The conducted interviews have shown that NGO-s have a close cooperation with governmental institutions and international organizations for achieving the above-mentioned target. As far as Target 2 is concerned, the involvement is more modest, still the involvement of NGO-s is somehow complemented by public organizations of producers.

The level of civil society awareness about the specific targets and the enhanced capability to identify the activities susceptible to support the achievement of a relevant goal are two important aspects revealed by the survey on **MDG 8**. NGO-s proved to be the most informed about MDG-s and about the papers related to them. Such a thing is not surprising, taking into account that projects implemented by this category of stakeholders imply a deep knowledge about the whole spectrum of papers connected to MDG-s.

The most serious obstacle to achieving the targets is their complex formulation, what complicates the understanding of each stakeholder's contribution in the context of the targets of **MDG 8**. An information campaign focussed on concrete contribution of each stakeholder, rather than on the targets themselves might be a solution to this problem.



INTRODUCTION

MDG 8 embodies all millennium development targets which could not be included in any other goal. Such a diversity of issues to be dealt with generated the most serious challenges to this survey. The interviewed respondents do not contribute to more than two or three targets, what complicates the procedure of selecting the organizations and companies for in-depth interviews.

Because of such constraints emerged while conducting the survey, we afforded making generalizations about civil society and private sector involvement in achieving **MDG 8** based on several representative cases which we could identify in the context of each target. It is worth being mentioned that, in ideal conditions (without any time constraints and with the required financial resources available when needed), each target would have been the object of a survey comparable to the survey under consideration, while the number of respondents interviewed with regard to **MDG 8** would have been much larger.

Taking into account the need for an efficient partnership and for active involvement of all development stakeholders in achieving the national targets of Millennium Development Goals, the Economic Development Centre (Sofia, Bulgaria), in partnership with EXPERT-GRUP Independent Analytical Centre and the Institute for Public Policy, in the framework of the project “Civil society and private sector as contributors to achieving the Millennium Development Goals (MDG-s)”, committed to strengthen the capability of civil society organizations and of private sector representatives designated as development stakeholders at high-level discussions on technical assistance and efficient development held in Accra in 2008 and in Busan in 2011. The project aims at fostering the implementation of MDG-s and of their targets in the Republic of Moldova.

The first step towards enhancing the capability of development partners for an efficient contribution to achieving **MDG 8** is the qualitative survey on „Contribution of civil society organizations and private sector to achieving the Millennium Development Goals assumed by Government of the Republic of Moldova. **MDG 8**- Create sustainable partnerships for development”. The survey’s title is suggestive about its central goal: identify the contribution and the role of civil society organizations and of private sector to achieving **MDG 8**.

With a view to reach this goal, we have established the following specific objectives:

- ♦ identify the activities conducted by civil society organizations (CSO) and private sector with a view to achieve the targets of **MDG 8**, as well as their potential plans for acceleration of the process of achieving the national targets of **MDG 8**;
- ♦ identify the vision of governmental institutions about present and future involvement of the other stakeholders in the process of achieving the national targets of **MDG 8**, as well as the present deficiencies and obstacles;
- ♦ determine the needs of CSO, donors and private institutions for actions to be undertaken by governmental institutions in the context of achieving the targets of **MDG 8**;
- ♦ determine the level of the respondents’ understanding of MDG-s and of the national targets of **MDG 8** and assess their level of awareness about the international agenda in this field;



- ♦ identify the recommendations of all categories of respondents for short-term and medium-term actions to be undertaken with a view to accelerate the process of achieving the national targets of **MDG 8**.

The survey is a means for identification of the contribution and role of civil society organizations and private sector to achieving the above-mentioned goal, with a special emphasis on outcomes, best practices, possible obstacles and problems, and on recommendations for overcoming the identified obstacles, determining the strengths, the weaknesses and the needs.

Four categories of respondents took part in this qualitative survey:

- ♦ civil society representatives;
- ♦ private sector companies;
- ♦ representatives of governmental organizations;
- ♦ representatives of international organizations.

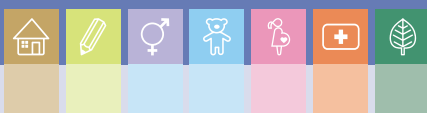
The following criteria have been applied for selecting the participants in the survey: national recognition of civil society organizations and private sector representatives working in fields tangential to the specific targets of **MDG 8**; active involvement in policy development in the respective fields; regional criterion.

The methodology applied for conducting the survey includes questionnaires filled out by the respondents, individual interviews with representatives of public authorities, international organizations, civil society organizations and private sector. In addition to the above-mentioned, web resources were used to select relevant information and identify good practices of non-governmental organizations and business entities with a direct or tangential impact on achieving the national targets of **MDG 8**. In the process of developing the survey, a significant contribution was brought by the members of cluster group consisting of representatives of central environment authorities, international organizations, civil society organizations, business entities, independent consultants to whom we are particularly grateful.

The first chapter of the survey makes the analysis of the specific formulations proposed by Government of the Republic of Moldova versus the formulations adopted by other countries. A better understanding of the particular characteristics of the targets of **MDG 8** adjusted to concrete situation in the Republic of Moldova will allow an objective analysis in the next chapters. This chapter also presents the concrete particularities and challenges of **MDG 8** in the Republic of Moldova, the way how the formulations of targets have been adjusted to local particularities and the concrete reasons for such adjustments.

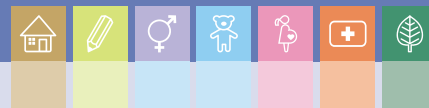
The second chapter makes a brief analysis of the situation in each field and of the progress done by the Republic of Moldova towards each distinct target of **MDG 8**. The chapter also analyzes the circumstances which favoured or impeded the achievement of the established indicators. The chapter has a particular focus on Target no. 1 – develop a sustainable trade and financial system – because the trends of relevant indicators for this target have an impact on other economic targets of **MDG 8**.

Alongside with the analysis of the degree of civil society and business sphere involvement, chapters 3 and 4 also present 3 case studies showing the concrete contribution of three stakeholders to **MDG 8**. The examples are based both on the company's public activities, and on interviews conducted within the survey on **MDG 8**. A special emphasis was put on civil society and business sector representati-



ves who played a particular role in the context of one or several targets and their contribution is an example for other stakeholders of the respective category.

The survey ends up with a series of recommendations for each category of stakeholders (business entities, civil society, governmental institutions and agencies, international organizations). The proposals presented in the survey are based on international best practices and, in the same time, take into account the economic and social particularities in the Republic of Moldova.



CHAPTER 1.

MDG 8 IN THE REPUBLIC OF MOLDOVA – GENERAL FRAMEWORK

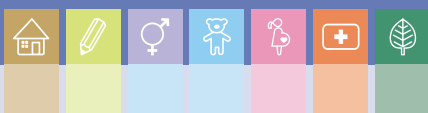
The first chapter of the survey presents all the targets of **MDG 8** assumed by Government of the Republic of Moldova. A special emphasis is put on the particularities of national targets versus the ones established for other countries. The second part of the chapter deals with the units of measurement used by the Government to monitor the situation and to assess the level of clarity of target formulation.

1.1 GENERAL PRESENTATION OF THE TARGETS – INTERNATIONAL VERSUS REGIONAL APPROACH

Millennium Development Goal 8 consists of six independent targets which can be reached solely through close cooperation among all development stakeholders – representatives of the concerned governmental institutions, international organizations, private sector and civil society. Differently from the targets of other MDG-s, the targets analyzed in the report under consideration may be approached individually, because most of them do not intercalate. Therefore, this set of targets generates more complex challenges both for governmental institutions empowered to ensure their implementation, and to civil society representatives and business sphere.

Before starting the analysis of such particularities, it is appropriate to specify the established targets. Government of the Republic of Moldova assumed to reach the following concrete targets aimed at achievement of **MDG 8**:

1. Further development of a transparent, predictable, non-discriminatory and rule-based trade and financial system, through promoting exports and attracting investments;
2. Deal with the issue of landlocked situation of the Republic of Moldova through modernization of transportation and customs infrastructure;
3. Develop programmes intended to conduct/facilitate monitoring of the external debt;
4. Develop and implement youth strategies. Reduce youth unemployment rate to 15% in 2010 and 10% in 2015;
5. Develop programmes intended to ensure the access of population to essential medicines;
6. Build an information society. Double the number of fixed and mobile telephony subscribers from 2006 to 2015 and increase, by a minimum annual rate of at least 15%, the number of Internet subscribers and of owners of personal computers.



Differently from other targets, the targets of **MDG 8** have been subject to significant adjustments. These specific targets are aimed at solving a number of problems derived from the economic and social context in the Republic of Moldova. As a rule, the individual formulations of the targets of **MDG 8** are adjusted taking into account the particularities of each country committed to supervise the implementation of MDG-s. Such variations are first of all intended to set the preconditions for efficient and complementary cooperation among the countries with a different level of economic development. For example, the central objective of Target 1 in developed countries is to remove the tariff barriers imposed to imports from developing countries. On the other hand, developing countries are encouraged to strengthen the infrastructure, the financial system and the tools for exports promotion, etc.

The analysis of the first target and of its adjustment to Moldovan context shows that the target reformulated by Government of the Republic of Moldova is in fact a simplified version of the original target. While in countries with a strong economy Target no. 1 has mainly an international focuss, its Moldovan version is directly focussed on internal problems. Obviously, such a fact does not restrain the Government from involving in global financial challenges. Still, under the conditions of a frail economy and of a growing trade deficit, the most pressing problems are: developing a safe financial system, supporting national producers, exports promotion, encouraging investments, etc.

The second target established by the Republic of Moldova within **MDG 8** is by its essence a precondition for implementation of the first target. Or, efficient promotion of exports and encouraging investments are to a large extent determined by the quality of infrastructure, in general, and by the problem of the country's landlocked situation, in particular. Such issues acquire a special importance in the context of globalisation¹ and of the trade with neighbouring countries.

The favourable geographic location of the Republic of Moldova (situated at crossroad between Eastern and Western Europe) cannot be capitalized for several reasons, the most important of them being poor road infrastructure. The Report on Millennium Development Goals published by the Government in September 2010 points out the need for road modernization, particularly of highways. The limited capacity of customs infrastructure is another essential element to be taken into consideration in the context of this target. In the report on implementation of the targets of **MDG 8** developed in 2011 by the UNDP, customs infrastructure is qualified as one of the central parameters which need improvement in order to simplify the access to international markets. The report also points out the need for lowering the transfer costs through a more efficient customs management².

Differently from the previous target, Target no. 2 has practically remained intact in Moldova. The Government established a series of specific objectives intended to ensure both the implementation of the general target, and the quantification of the success of undertaken measures. To this end, the following concrete measures have been planned: (a) increase the capacity of highways up to 10.000 vehicles per day; (b) augment the share of investments in transportation sector up to 20% of the total amount of public investments; (c) increase the share of investments for development of naval and air transportation up to 35% of the total amount of investments for transportation; (d) modernize customs points and increase their processing capacity up to 1000 auto-vehicles per day.

The third target of **MDG 8** implies cautious monitoring of the external debt. Both the reports published by UNDP Moldova, and the ones published by Government of the Republic of Moldova put

1 "The Second Millennium Development Goals Report" September 2010

2 "Millennium Development Goal 8 - The Global Partnership for Development: Time to Deliver", MDG Gap Task Force Report 2011, United Nations



emphasis on the tools for management of the risks related to each type of contracted loan. Thus, the debt's absolute value or its share in GDP are not the major indicators. They are rather tools for medium-term and long-term risk administration.

Another target which is closely correlated with the targets of MDG 5 (Improve maternal health) and MDG 6 (Fight HIV/SIDA and tuberculosis) aims at ensuring decent living standards for the population and access to available services and goods at reasonable prices. The population's access to medication is one of the central elements of this target. To reach it, the Government committed to ensure access to authorised medication both in urban, and in rural areas.

The issue of youth unemployment is also covered by the targets of **MDG 8** implemented by the Republic of Moldova. It was proposed as a national target in 2004 (alongside with the target aimed at building an information society)³. But this target is not dealt with in yearly report published by the UNDP and, therefore, no comparison can be made between the targets established by Government of the Republic of Moldova and the ones assumed by the United Nations member states.

Ensure access to new information technologies is the last target of **MDG 8**. The "original" version of the target implied cooperation with private sector with a view to promote the benefits in terms of modern technologies (particularly, information and communication technologies). The Government decided to adjust this target to the context of the Republic of Moldova and reformulated it, using the number of subscribers (to Internet, mobile telephony, fixed telephony) per 100 inhabitants as a unit of measurement.

This target is often approached from a somehow simplistic perspective. Or, the high level of penetration of the telecommunication market may have a perceptible impact on the country's development level solely if such services are integrated into productive activities and are not only exploited by the consumers for personal use. A high level of access to telecommunication services does not necessarily mean valorisation of the potential deriving from the use and integration of information technologies in various sectors of national economy.

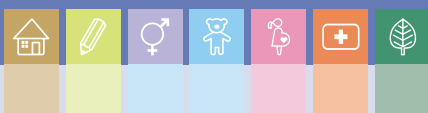
To conclude, it shall be stated that while some targets have been transposed literally, the other have either been adjusted to national particularities, or have been significantly modified. The next subchapter will explain to what extent are the targets of **MDG 8** relevant and well-thought.

1.2 TO WHAT EXTENT ARE THE TARGETS FORMULATED BY THE GOVERNMENT RELEVANT AND WELL-THOUGHT?

The first target of **MDG 8** is the most complex and controversial. This fact was confirmed by civil society and business sector representatives. Before answering the questions related to the first target, most of the respondents interviewed within the survey requested more details about the specific objectives of the first target. A thorough analysis explains the confusion faced by the respondents.

The first part of the target - "further develop a transparent, predictable, non-discriminatory and rule-based trade and financial system" – means reaching a series of intercalated objectives: strengthening the financial institutions and enhancing the legal framework which regulates their activities; establi-

³ Government's Report on Millennium Development Goals: „New challenges - new tasks”



shing well-thought "rules of game" intended to promote equitably the business sphere. The second part of the target- "(...) through exports promotion and attracting investments" – puts the stress on two complex issues aimed at strengthening export capability and promoting Moldovan products on foreign markets.

The specific targets might be clarified after an overlook on concrete indicators which need improvement. Establishing this target, Government committed to: ensure yearly increase of exports of goods and services by 10-15%; diversify the exports and their destination and benefit maximally from preferential agreements. In addition to it, Government committed to ensure a legal and institutional framework favourable for development of the financial system, what, in turn, will strengthen competition on this market segment and generate a large spectrum of financial services accessible both for individuals, and for legal entities.⁴

The indicators proposed by the Government for monitoring of the present situation⁵ confirm that the first target aims at a wide set of economic objectives. In 2005, the Government committed to monitor: the share of exports with a high added value; the amount of imported machinery, installations and equipment; the share of international commercial transactions carried out based on free trade agreements in the total amount of transactions; the share of trade deficit in GDP; the share of foreign companies in Moldovan business environment; the share of the stock of foreign direct investments, USD per capita; the turnover of "de novo" companies with foreign capital; the share of the Official Direct Assistance focussed on basic social services (basic education, primary health care, nutrition, drinking water and sanitation).

In other words, although the first target aims at solving a wide spectrum of problems, its complex and, in the same time, succinct formulation generates much confusion among civil society and companies of private sector. The disaggregation by sub-components would crystallize the final outcomes coveted by the Government and will facilitate the involvement of various categories of stakeholders in achieving the target.

The formulation of Target no. 2 has also generated some challenges for interviewed respondents. More exactly, it was not clear for them what implies the notion of "landlocked situation" and what might be its implications on their activities. Despite the fact that an explicit description of problems related to this target clarified the objectives, most of business sector representatives covered by the survey did not show concern about road infrastructure or customs system. This might be explained by the fact that the present formulation of the target is not susceptible to evoke all the benefits deriving from a quality infrastructure and a high-performance customs system.

Practically all the respondents (with two exceptions⁶) showed lack of concern about Target no. 3. This fact is not surprising, because the issue of the external debt and its consequences require a high degree of involvement and information. From this perspective, a valuable contribution might be brought by the commercial banks and the National Bank of Moldova. Unfortunately, a single financial institution contacted within the survey accepted to give an interview – "Moldova – Agroindbank" Commercial Bank JSC, but this respondent did not pronounce on this issue either.

4 "The Second Millennium Development Goals Report" September 2010

5 Government Decree no. 288 of 15.03.2005 on the approval of Millennium Development Goals

6 Expert-Grup and IDIS Viitorul



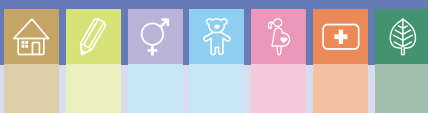
The advantage of Target no. 4 consists in the simplicity of outcome monitoring. Achievement of the final goal might be assessed by the means of one indicator – youth unemployment rate. In the same time, the major challenges to achieving this target are the dependence of the outcomes on economic conjuncture and the lack of direct, rapid and efficient levers susceptible to influence on the situation. Due to direct, succinct and comprehensive formulation of the target, all categories of stakeholders displayed concern about it. Practically all the organizations interviewed within the survey (both private companies, and civil society organizations) showed concern about the issue of youth unemployment. In the same time, it would be appropriate to determine and monitor a certain number of quality indicators for measuring the progress done from this perspective, because, as it could be seen, determination and monitoring of solely quantity indicators and neglecting of quality indicators do not describe the whole situation in this field, neither the progress done towards enhancing the living standards, in general, and the level of development.

The issue of ensuring access to essential medicines raised the concern of those categories of respondents who are directly involved in this field – for example, networks of pharmacies or medical centres. Practically all companies from outside these categories refused to answer the questions related to this target, motivating by irrelevance to their activities. To point also out that, being included in a set of economic targets, the issue of access to essential medicines raised rather surprise, than concern of the respondents. Or, here is the most problematic aspect of the targets concentrated within **MDG 8** – lack of links among the specific targets and of coherence among the raised problems. Therefore, selecting the respondents susceptible to have an efficient contribution to the survey was one of the most serious challenges for this analysis.

The target aimed at building an information society can be easily monitored due to indicators established for estimation of outcomes. Thanks to the clarity of this target, likewise Target no. 4, the respondents could easily make assumptions about the probability of achieving the target in the established term, and about the contribution which might bring each set of social stakeholders. On the other hand, the indicators used for monitoring of the implementation of Target no. 6 do not show the level of information technologies use for raising the country's competitiveness at international level. Or, it is not excluded that a country with a relatively low level of access to telecommunications has more economic benefits from information technologies, than a country with a high level of penetration of such services.

In the same time, the indicators used in the context of Target no. 6 do not always describe the reality, particularly with regard to access of population to mobile telephony. According to representatives of the Ministry of Information Technologies and Telecommunications, the real number of users reported by mobile telephony operators is over-estimated. This might be explained by the fact that the number of SIM cards in use is less than the number of SIM cards detained by the consumers.

The general conclusion made after the interviews conducted within the survey is that a clear formulation of the targets is as a rule associated with a high level of concern about achieving it. In the same time, the complex targets or the targets generating some monitoring difficulties (for example, Target no. 1) are conceived less enthusiastically. Moreover, many respondents with a direct affiliation to achieving “complex” targets refused systematically to answer the questions related to such targets, motivating their option by the target's vagueness or irrelevance for their activities.



CHAPTER 2.

MAJOR TRENDS AND PRESENT SITUATION IN THIS FIELD

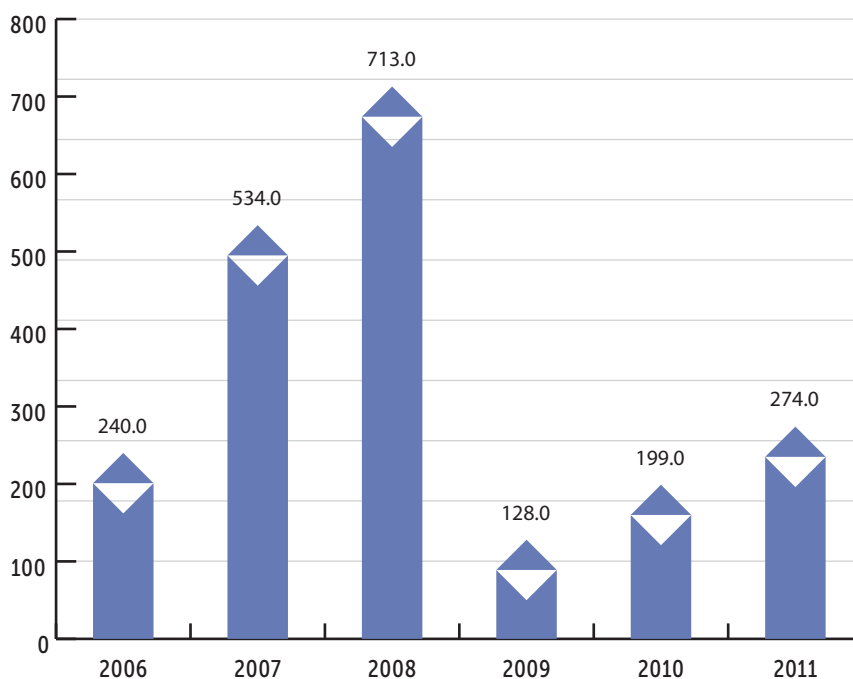
In this chapter, we shall analyze the developments registered over the past years in fields related to MDG 8. A special attention will be paid to Government's endeavours aimed at achieving the established targets.

2.1 FURTHER DEVELOPMENT OF A TRANSPARENT TRADE AND FINANCIAL SYSTEM

As we have mentioned in the previous chapter, the first target of MDG 8 is related to several aspects of national economy, therefore, its achievement requires a complex strategy. Developing trade policies; developing and enhancing the institutional framework for financial institutions; improving the business climate; capitalization of the potential for export and penetration on new markets – here are several Government's objectives from this perspective.

Government has undertaken multiple actions aimed at diversification of markets for Moldovan producers. For example, over the past years, Moldova has joined several international organizations and treaties, such as the World Trade Organization (WTO), the Free Trade Agreement with the European Community (DCFTA) and other. In addition to it, since March 2008, the Republic of Moldova enjoys the European Union's Autonomous Trade Preferences, what allowed to expand the spectrum of exported goods and to benefit from more advantageous conditions for export to the EU countries.¹

Figura 1.
Fluxul net al investițiilor străine directe în economia națională, mil. dolari SUA



Sursa: Banca Națională a Moldovei

1 "The Second Millennium Development Goals Report" September 2010



The newest and the most promising developments will be generated after the establishment of the Deep and Comprehensive Free Trade Area (DCFTA) between the Republic of Moldova and the European Union. The access of a larger range of products (mostly food products) to new markets of the EU is one of the most important and coveted effects of this agreement. Such developments are already somehow perceivable. In 2011, the share of exports directed to EU countries made up 49% of the total amount of exports. In 2010, such a share was estimated to 47.3%.

The analysis of the dynamics of foreign direct investments (FDI) over the past two years points out the following developments: the amount of FDI registered in 2011 is more than double compared to 2009 (Chart no. 1). Moreover, the rhythm of increase shows an acceleration tendency. In the fourth term of the year 2011, the amount of FDI in Moldovan economy exceeded by 58,7% the respective indicators registered in the fourth term of 2010, being estimated to 72,9 million USD². If the present growth dynamics is maintained, in 6-7 years will be possible a return to pre-crisis indicators. On the other hand, there is a risk that a new wave of instability in Euro zone might have a negative impact on the rhythm of FDI growth.

All such developments occur on the background of regulatory reforms of entrepreneurship activities. More exactly, the Government puts efforts to downsize the administrative burden worn by companies, the concerned institutions make attempts to enhance the normative framework regulating competition and property rights, State Tax Service makes endeavours to improve the tools for control and VAT refund. The outcomes of such endeavours are not uniform, nevertheless, the Government, and particularly the Ministry of Economy, succeeded to make some progress.

2.2 Dealing with the Issue of LandLocked Situation of the Republic of Moldova through Modernization of Road and Customs Infrastructure

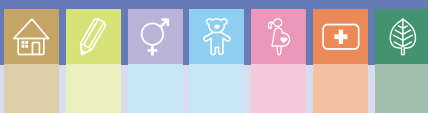
It is difficult to underestimate the problems generated by landlocked situation of the Republic of Moldova, because the territorial isolation obstructs the valorisation of the country's potential for trade. Public authorities consider that, as a result of improving road infrastructure, Moldova might become a regional trade hub for transportation. Throughout the past three years, the Government undertook a series of measures intended to redress the situation. For example, in 2009, was opened the port of Giurgiulești which is for national producers a narrow access to the Black Sea³. Still, the limited capacity of the port cannot solve the problem to a full extent.

Road transportation still remains a solution for most Moldovan producers. But it also generates some problems – according to estimative calculations, because of the bad state of roads, drivers support yearly supplementary expenses of nearly 2,5 billion lei. Moreover, the state of roads is in permanent degradation. In 1992, 70% of the total length of national roads were in a good state, while in 2006 this indicator dropped to 7%. The state of local roads is even more deplorable. An investigation on 1500 km (out in 6000km) of local roads, conducted in 2006, showed that nearly 96% of the total length of roads are in a bad or very bad condition⁴. Despite the significant amounts of financial resources invested in this sector, roads are still in a very bad state. According to the Law on State Budget for 2010, the road fund for the respective year amounted to 582,9 million lei. In addition to it, considerable funds are transferred by foreign donors, a representative example being Compact programme funded by USA Government.

2 "Analysis on foreign direct investments attracted in the Republic of Moldova in 2011", Ministry of Economy 2012

3 "The Second Millennium Development Goals Report" September 2010

4 "National Development Strategy of the Republic of Moldova 2012-2020"



According to reports published by the Government, the shortage of financial resources remains the single obstacle to restoring road infrastructure.⁵ On the other hand, the surveys conducted by civil society reveal that bad condition of roads is rather the consequence of bad management of the allocated sums of money, than of the shortage of financial resources.⁶

The control capacity of customs points is another issue not to be neglected, particularly in the context of strengthening the country's trade potential. From this viewpoint, Government made some progress as a result of implementing the action plan for fulfilment of the European Commission's recommendations for establishment of the DCFTA. Within the framework of DCFTA Plan, Government is now carrying out the required procedures for reintroduction of sanitary-customs checkpoints. This measure is intended to cut the expenses suffered by importers and will allow the implementation of equitable and homogenous border control procedures for all products.⁷

2.3 Monitoring of the External Debt

The issue of the external debt of the Republic of Moldova emerged in the middle of the '90-es and became particularly pressing when the financial crisis of 1998 started. In 2000, the total amount of the external debt climbed to 133% of GDP, while the Government's external debt amounted to 60.4 % of GDP. As a result of Government's endeavours made throughout many consecutive years, the debt dropped to 67.8% and, respectively, to 12.9% in 2008. Obviously, the global crisis has had a negative impact on further developments of the external debt - in 2010, it reached the level of 82.3% of GDP⁸. Nevertheless, throughout the year 2011, both public, and private sector took new financial commitments and the growth of nominal GDP expressed in USA dollars led to the reduction by 4.4%, i.e. to 77.9% of the ratio between the external debt and GDP.⁹

Although the external debt issue still remains "on the agenda" of MDG 8, in a report published in July 2011, the International Monetary Fund (IMF) and the World Bank (WB) estimate as low the risk of the external debt of the Republic of Moldova. Taking into account the term established for reaching the targets of Millennium Development Goals (the year 2015), IMF and WB consider that the low risk will be maintained in the coming years, too, despite the fact that Government intends to borrow relatively large amounts of money in the coming three years.¹⁰

2.4 Reducing the Rate of Youth Unemployment

Throughout the past 7-8 years, the problem of youth unemployment has been carefully raised by the authorities. A series of measures were undertaken with a view to solve this problem, among which higher education reform has a central role. As a result of such measures, the number of young people with higher education increased. In the same time, Government intended to raise the attractiveness of vocational education. In 2008, the number of higher education students decreased compared to 2007 and the respective trend was followed by a corresponding increase of the number of students enrolled in vocational schools.

5 "The Second Millennium Development Goals Report" September 2010

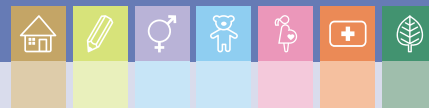
6 „Investigation on transparency and economic efficiency of the use of Road Fund in the Republic of Moldova”, Expert-Grup, Chisinau 2010

7 "Euromonitor" periodical, Expert-Grup, Chişinău, January 2012

8 "The Second Millennium Development Goals Report" September, 2010

9 "The external debt of the Republic of Moldova" - Report of the National Bank of Moldova published on 29th of March 2012

10 „Joint IMF/World Bank Debt Sustainability Analysis Under the Debt Sustainability Framework for Low-Income Countries” Approved by Juha Kähkönen and Christian Mumssen (IMF) and Jeffrey D. Lewis and Yvonne M. Tsikata (IDA) June 28, 2011



Government policy focussed on encouraging youth enrolment on labour market was quite efficient for a certain period of time and the rate of youth unemployment dropped by 50% in the period 2004-2008. In 2008, the rate of youth unemployment reached the level of 11.8%, thus the target established for the year 2015 (10%) was nearly achieved 7 years before. Certainly, such developments might be explained, among other, by the favourable economic conjuncture, but regardless of the reasons, the beneficial changes were incontestable. Unfortunately, the economic crisis brought essential rectifications and, since 2009, the youth unemployment rate has gradually grown up to 17.5% in 2010.¹¹ Young people are a very vulnerable segment on labour market, therefore, the rate of youth unemployment raised more than the general rate of unemployment - from 4% in 2008 to 7.5% in 2010. On the background of the economic crisis whose consequences are still perceived, the situation could not be redressed, and the achievement of the intermediary targets for 2012 is little probable. In the context of such developments, the lack of advantageous professional opportunities forces many youngsters to leave the country.

2.5 Providing the Population with Essential Medicines

Over the past two years, Government of the Republic of Moldova has undertaken a series of measures aimed at downsizing the prices of drugs. In September 2010, Government passed a Decree¹² for establishment of the Service in charge of approval and monitoring of prices to medication. The central objective of this organization is to identify the illicit import schemes. Due to such a measure, the prices of two thirds of the medicines available in pharmacies of Moldova fell by 20-40% in 2011.

It is important to point out that fortification of the local capacity for drug production was one of the solutions proposed in the report on MDG 8 developed by the UNDP in 2011.¹³ Nevertheless, Government mainly focusses on lowering the prices to imported drugs. A policy combining both strategies would result in substantial outcomes in terms of ensuring the population's access to essential medicines.

2.6 Building an Information Society

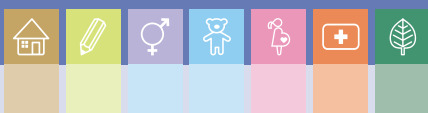
The last target of MDG 8 aims at building an information society – double the number of subscribers to fixed and mobile telephony from 2006 to 2015 and increase the number of Internet subscribers and of owners of personal computers at a minimum annual rate of 15%. The target related to access to mobile telephony established for 2015 has already been achieved. Positive developments in this sector are in fact the consequence of the fierce competition among mobile telephony operators resulting in a wide spectrum of services provided at competitive prices. In 2011, the rate of penetration of mobile telephony services in Moldova was estimated to 104.3% per one thousand inhabitants, and in the first term of the year 2012 this indicator raised to 106%.¹⁴ Nevertheless, as we have already mentioned in the previous chapter, this indicator does not correspond to reality, because, while reporting about the individual rate of market penetration, operators of mobile telephony take into account the SIM cards which are no more used by their clients. In other words, despite the positive dynamics of penetration, the absolute value estimated by GSM operators is too optimistic. The achievement of the targets established for 2015 might become a challenge for Moldova, if the threshold set for this particular target is updated and established at 120% per 1000 users.

11 Data of the National Bureau for Statistics

12 Government Decree no. 525 on the Regulations for approval and registration of producer prices for medicines of 22nd of June 2010.

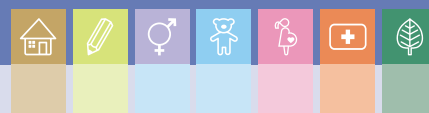
13 "Millennium Development Goal 8 - the Global Partnership for Development: Time to Deliver", MDG Gap Task Force Report 2011, United Nations

14 en.anrceti.md/telmob#fig6



On the contrary, the number of fixed telephony subscribers is growing much slower. The reduced dynamics can be explained by the lack of competition on this segment of the market. At the end of 2009, a total number of 1.13 million people or 32% of population had access to fixed telephony. In the past three years, fixed telephony has known a decline that might be explained by the popularity of mobile telephony services and the growing rate of people with access to Internet. Such trends complicate the achievement of the target established for the year 2015.

The number of personal computers is also growing. While in 2000 there was a ratio of only 1.3 personal computers per 100 inhabitants, in 2009 this indicator raised up to 20.5. According to the data of the polls conducted in 2009, 33% of households possessed a personal computer, while the rate of people with Internet access was estimated to 27% in 2009. Both indicators raised by nearly 50% in 2007. If such a rhythm of increase is maintained, the targets established for the year 2015 will be substantially exceeded.



CHAPTER 3.

ROLE OF CIVIL SOCIETY

Civil society representatives from a wide range of profiles and fields of activity with tangential objectives to the six targets of MDG 8 have been interviewed in the frame of the survey. Taking into account the individual nature of the targets¹ of MDG 8, it is practically impossible to make generalizations about civil society involvement in achieving the relevant targets. To ensure our survey's objectiveness, the involvement of civil society representatives and their contribution to MDG 8 will be analyzed separately for each target.

3.1 Further Development of a Transparent Trade and Financial System

Over the past decade, civil society in the Republic of Moldova has been involving more and more actively in solving economic problems. Throughout this period, were set up a large number of non-governmental organizations, independent analytical centres and centres for economic research which not only evolved, but also succeeded to have a certain influence on Government policy in such fields as tax regime, business climate, exports promotion, etc. Hereinafter, we shall analyze the key-programmes implemented by such organizations; their contribution to achieving Target no. 1 and the level of their awareness about MDG 8.

Before starting the analysis of the degree of awareness and involvement of civil society representatives, it is important to identify the development stakeholders with a potential to contribute to achieving the target and/or have similar objectives with MDG 8. In this case, we focuss on development of a transparent trade and financial system.

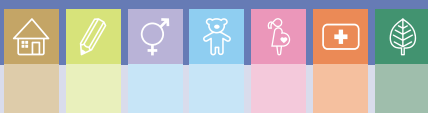
As we have already mentioned in Chapter 2, the first target of MDG 8 is correlated with various fields of economic policy. But such a correlation is somehow subtle from certain perspectives. Therefore, a large number of civil society representatives who have a direct impact on achieving this target do not see any direct connection between their activities and the objectives of MDG 8. On the other hand, there are several organizations whose activities are directly related to issues covered by the first target and which systematically deal with attracting investments and promoting the exports. In other words, the impact of civil society on the first target is either direct (intentional and planned), either auxiliary. At present, there are approximately 30 non-governmental organizations in the Republic of Moldova² whose activities are somehow tangential to trade and financial system.

An analysis of the endeavours and of the degree of information of organizations which have a considerable impact on achieving Target no. 1 will be done further, followed by the analysis of other civil society representatives. The survey revealed that three civil society organizations involve the most actively in achieving Target no. 1, here they are in aleatory order – "Viitorul" Institute for Development and Social Initiatives (IDIS "Viitorul"), Expert-Grup Independent Analytical Centre (EG) and Business Consulting Institute (BCI).³ All of them are located in Chisinau, nevertheless, the surveys and programmes conducted by these organizations have a practically nationwide coverage.

1 For details, see the first and second chapters of the survey

2 <http://www.civic.md/lista/ong/dezvoltare-economica.html>

3 Key-organizations have been identified based on programmes and surveys published on websites and interviews with civil society



Compared to other members of civil society whose activities are tangential to the first target, the degree of awareness of these three NGO-s may be assessed as high. The interviewed respondents are aware of Millennium Development Goals, Millennium Declaration 2000, Paris Declaration 2005.⁴ Although they have not dealt with other international papers related to development priorities of a MDG-s yet, the respondents stated they usually analyze relevant documents in the process of implementation of projects focussed on MDG-s.⁵

”Viitorul” IDIS and Expert-Grup carry out the following activities aimed at developing a viable trade and financial system: evaluation of governmental policies in this field; analysis of de facto situation of investment environment; providing consultancy to state institutions working in a field tangential to the ones analyzed in this sub-chapter (such as the National Bank of Moldova, Ministry of Economy and Trade, Ministry of Finances).

Expert-Grup has developed a survey entitled ”Analiza Creşterii Economice în Moldova” (”Moldova Economic Growth Analysis” - MEGA) which has a direct contribution to achieving the target under consideration. The project started in January 2009, and the first edition of the survey was published in May 2009, followed by other editions with a six-month periodicity. MEGA raises a wide spectrum of economic issues, such as foreign trade, banking system, business environment, industry developments, etc. It also makes policy recommendations for the concerned governmental institutions. Each edition of the survey is traditionally launched within a roundtable with the participation of representatives of governmental institutions and of international organizations based in Moldova.

BCI has a special function which supplements the activities conducted by Expert-Grup and IDIS ”Viitorul”. Alongside with ”classical” projects, BCI carries out a series of practical projects focussed on restructuring of state enterprises, analysis of business-plans, training activities for local government officials and entrepreneurs. In other words, the activities conducted by this NGO set the pre-conditions for cooperation between public authorities, business sector and civil society. For more details about the activities of BCI, see Box 1.

BOX 1.

Projects implemented by Business Consulting Institute (BCI) with a view to attract foreign investments and strengthen the export potential.

Over the past years, BCI has implemented a number of projects focussed on strengthening the export potential and the production capacity, on upgrading infrastructure and attracting investments⁶. Here is a presentation of several projects of BCI with a considerable impact on achieving Target no. 1 of MDG 8.

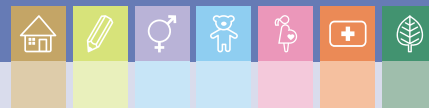
1. Over the past years, the Government has repeatedly raised the issue of Industrial Parks (IP) and the investment opportunities generated by them. In October – December 2010, BCI implemented a UNDP-funded project for strengthening the

representatives

⁴ The conclusions were made after the interviews with representatives of BCI, EG, IDIS ”Viitorul”

⁵ The conclusion concerns BCI and IDIS ”Viitorul” (the degree of awareness of EG representatives cannot be assessed, because its employees are in charge of conducting the survey on MDG 8)

⁶ Interviews conducted with representatives of OBI



development management capability intended to estimate the real benefits deriving from IP. The project's specific objectives were:

- ◆ Evaluation of the costs of IP establishment and of their benefits for the area;
- ◆ Identification of the potential clients and of the revenue deriving from the establishment of IP and of business incubators and their benefits for the area/country;
- ◆ Analysis of the conformity with legal requirements related to the establishment of IP;
- ◆ SWOT analysis of public-private partnerships for establishment of industrial parks;
- ◆ Analysis and evaluation of technical infrastructure (private and public infrastructure) from outside and inside the Industrial Parks.⁷

2. In January-October 2011, BCI implemented a Project for Competitiveness Enhancement funded by the World Bank.⁸ Within the project, the efficiency of several state enterprises was evaluated and recommendations for restructuring them were made. Poșta Moldovei, Franzeluța JSC., Teleradio-Moldova are among the companies which benefited from restructuring recommendations.
3. The third project relevant in the context of the first target of MDG 8 is focussed on setting up local economic partnerships.⁹ The project's central objective consists in enhancing local government capability to plan and implement economic and social development projects in close collaboration with NGO-s and business sphere. During the period April, 27, 2010 – July, 31, 2011, BCI obtained the following outcomes:
 - ◆ A guide for evaluation and filling out of applications for funds was developed;
 - ◆ Application forms for pre-selection and selection stages were developed;
 - ◆ Evaluation criteria for project ideas were established;
 - ◆ 10 economic projects were implemented;
 - ◆ Six working visits to the location of a range of selected grant beneficiaries.
4. The last project analyzed in the frame of the survey has a particular importance in the context of the first target of MDG 8, as it succeeded to establish a productive relation between three categories of stakeholders (representatives of civil society, local government and business environment) with a view to implement prospective business projects.¹⁰

The director of BCI mentioned within a separate interview that his NGO-s cooperates with a range of governmental agencies and local government authorities in terms of conducting feasibility surveys, holding training activities, providing consultancy. For example, BCI had a previous cooperation with the ODSME within projects intended to support small-size and medium-size enterprises. In the same time, BCI representatives pointed out during the interview that, despite such collaborations, the employees of agencies/public authorities are often reluctant to request their assistance.

Civil society indirect contributors to MDG-s contribute to achieving this target without having a preliminary plan or a well-thought intention about it. Their contribution is rather the result of a “coin-



cidence” of objectives. For example, the official website of ”Centru” Rural Development Agency does not make any reference to MDG-s, but this association is still a contributor to achieving the targets of MDG 8 through its basic activities. Within the period 2007 - 2011, the Agency implemented a Small Grant Programme for business development in rural communities of the districts of Orhei, Telenesti, Soldanesti, Rezina and Sangerei within the project „Vocational Education and Rural Development”. The situation is similar with regard to other public associations/NGO-s, such as: „Habitat” Agency for Regional Development, „Junior Chamber International” Public Association, „Artena” Public Association. In other words, all these civil society representatives contribute to achieving the specific targets without being aware of it.

3.2 Dealing with the Issue of Landlocked Situation of the Republic of Moldova Through Modernization of Transportation and Customs Infrastructure

During the interview with civil society representatives, the issues related to transportation and customs infrastructure have been omitted at the respondents’ request. They invoked the following arguments for it: (1) lack of projects dealing either directly or indirectly with the issue of landlocked position of the Republic of Moldova; (2) limited available information and, respectively, low efficiency of the recommendations which might be formulated in this context. The single organization receptive to this issue during the interview and which has conducted activities aimed at reaching Target no. 2 is „Expert-Grup” (this NGO has already been mentioned in the context of the previous target).¹¹

The interview with „Expert-Grup” representatives revealed that this think tank conducted two surveys – in 2010 and, respectively, in 2012,¹² - focussed on management of Road Fund resources.¹³ The surveys raised a wide range of issues. The outcomes of the first survey had a particular resonance among the officials of the Ministry of Transportation, in general, and of Road Fund, in particular. The survey’s authors confirmed the findings of the survey on MDG 8 - civil society is not concerned about transportation infrastructure problems. Such a lack of concern derives for civil society incapacity to perceive the correlation between a quality infrastructure and a high flow of direct investments and more favourable conditions for exporters from Moldova.

The problem of customs infrastructure is relatively neglected by civil society, as well. Nevertheless, over the past two years, the NGO-s working in the field of European integration have paid a more careful attention to issues related to customs procedures. For example, during the past six years, „Expert-Grup” in collaboration with „ADEPT” Association for Participative Democracy, published a survey entitled ”Euromonitor”. The major objective of this periodical is to monitor the Government’s efforts aimed at implementation of the standards and requirements imposed by the European Commission at different stages of European integration of the Republic of Moldova. A survey’s chapter deals with facilitation of trade and customs administration.

The associations of producers have also put active efforts with a view to optimize customs control procedures. For instance, the “Association of Poultry Growers of Moldova”¹⁴ has submitted to many

7 www.bci.md/projects/imbunatatirea-capacitatilor.html

8 www.bci.md/projects/ameliorarea-competitivitatii.html

9 A project funded by East-European Foundation

10 www.bci.md/projects/local-economic-partnerships.html

11 The interviewed Expert Grup representatives have not been involved in developing the survey on MDG 8.

12 2012 survey is under way.

13 “Investigation on transparency and economic efficiency of the use of Road Fund in the Republic of Moldova”, Expert-Grup, Chişinău, 2010

14 The association’s form of organization is – public association.



governmental institutions a series of letters to request re-establishment of border sanitary-veterinary checkpoints.¹⁵ This issue has been repeatedly debated over the past two years. Importers of animal products, particularly, poultry growers have suffered serious losses since the year 2008, when sanitary-veterinary checkpoints have been removed. On 25th of October 2011, was passed Government Decree no. 787 providing for re-establishment of sanitary-veterinary posts at eight border checkpoints. Certainly, this event is rather the outcome of the commitments undertaken by Government of the Republic of Moldova within the Action Plan for establishment of DCFTA, than the result of the efforts of producers' associations.

3.3 MONITORIZAREA DATORIEI EXTERNE

In the total number of targets subject to analysis, the third target has raised the lowest level of concern of civil society representatives. A large number of interviewed organizations stated that the external debt is not a traditional objective for civil society, because a possible intervention would have a minimal impact. But there are still some exceptions. The NGO-s mentioned in the context of the first target have also had an active involvement in terms of external debt monitoring. Both „Expert-Grup”, and IDIS ”Viitorul” have directly or tangentially approached this issue in many surveys developed over the past years.

The most recent survey of IDIS ”Viitorul” related to the target under consideration deals with Moldova's capacity of absorption of the external assistance. The survey's authors analyze, among other, the macro-economic conjuncture, the debt's dynamics and its impact on national economy. The survey formulates a set of recommendations based on best practices of member states of the EU and makes a prognosis on credit terms for the coming years. The surveys of such calibre are not numerous but, taking into account their specific objectives, their quality is more important than the quantity.

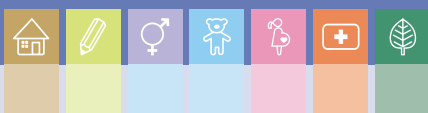
The Government's strategy for external debt monitoring does not encourage civil society involvement. Moreover, one of the State institutions (namely, the National Bank of Moldova) which are directly concerned by achieving this target refused to give an interview within the survey on MDG 8. Such a reaction was motivated by the lack of links with the survey's central objective – degree of civil society involvement in achieving MDG 8. In such a way, the representatives of the National Bank recognized that they do not cooperate with civil society in terms of external debt monitoring.

In the same time, it shall be mentioned that the issue of external debt is a complex one, and a high economic qualification is required for dealing with it. In other words, the evaluation of quantity aspects of the external debt requires competence in economic modelling, statistics, econometrics, etc. As a result, the level of civil society involvement cannot be as intense, as in other more “accessible” to public fields.

3.4 Monitoring of the External Debt

The level of civil society involvement in achieving Target no. 4 is comparable to involvement in achieving Target no. 1 (i.e. a very high level of involvement), and its contribution has still been expanding over the past time. A growing number of non-governmental organizations show concern about the issue of youth unemployment. But unfortunately such a considerable concern cannot compensate

¹⁵ Interview with President of the Association of Poultry Growers.



the effects of economic conjuncture. As we have already mentioned in Chapter 2, the rate of youth unemployment started to raise vertiginously after 2008 crisis.

A large number of civil society organizations which have an impact on achieving the target under consideration have been contacted within the survey, but a small range of them accepted an interview on projects implemented in this field. Again, we could reiterate that a large share of civil society representatives who have an impact on this specific target are not aware of their contribution. An alternative explanation might be the erroneous understanding of the targets of MDG 8.

As a matter of fact, civil society representatives fulfil three functions in relation with Target no. 4: (1) intermediation (2) training and (3) progress monitoring and problem identification. Intermediation implies the programmes intended to establish a link between the potential employers and young job seekers. Intermediation may be done by the means of: information campaigns, job fairs, roundtables. Training programmes are intended to provide to youngsters knowledge and skills which will make them more competitive on local labour market. Progress monitoring surveys are intended to estimate the present situation and to inform the public about current developments.

The National Youth Council of Moldova (NYCM) is an organization exclusively concerned about youth problems which conducts a wide range of programmes relevant for Target no. 4. NYCM representatives have a close cooperation with many international organizations and governmental institutions for achieving the established objectives. This year, for example, NYCM has actively participated in drafting the law on youth, the law on volunteership, etc.

The Institute for Development of Professional Capability (IDPC) is one of the most active civil society representatives providing training for youth. The Institute contributes to developing skilled labour force at local, regional and national levels through occupational analyses, developing vocational training guides, generating tools for evaluation of professional competences, employee evaluation at companies, etc.¹⁶

The IDPC project entitled Moldovan Occupational Standards, Evaluation and Certification (SOME), funded by the Swiss Agency for Development and Cooperation, had a particular impact on the target under consideration. The project aims at ensuring a more flexible and well-adjusted to labour market requirements system for professional integration of all job seekers. IDPC has cooperated with a range of governmental institutions: Ministry of Economy, Ministry of Education, National Employment Agency, Chamber of Commerce and Industry of the Republic of Moldova.

Student NGO-s have been very active over the past five years. Being usually set up by enthusiastic youngsters who are aware of the problems faced by the category of population they represent, such organizations may provide a new vision on youth problems and non-standard solutions to them. AIESEC, the world's largest student organization (which is present in Moldova since 2005), regularly implements programmes for young graduates in search of a job. Every spring, AIESEC conducts a campaign for student employment in the organization. It gives to students the opportunity to acquire knowledge and skills which help them afterwards find a full-time job.

The organization's website is a valuable tool for students and young graduates. It supplies information about summer schools, job fairs, training activities conducted both by AIESEC, and by other organi-

¹⁶ ifcp.md/f?p=2&l=ROM



zations and companies. In the past three years, the organization has implemented a range of projects with a major impact on students and young graduates. Here are the most notable projects: (1) Next Step – a project which implies training activities, case studies and simulations for nearly 90 students; three editions of this project have been implemented up to present; (2) UpGreat – training activities for student and lycee pupils focussed on the so-called "soft skills" needed for a successful career, but which are usually neglected by educational curricula; (3) Globex – an international traineeship programme through which students may apply for traineeships in world-scale companies; (4) Business Arena – a contest of business simulations for students.

At present, AIESEC representatives are developing a strategy whose major objective is to reduce youth unemployment. In the same time, while conducting the above-mentioned activities, the organization faces various problems: limited resources for organization of professional trainings, shortage of qualified trainers and, a somewhat unexpected problem - inadequate attitude of the participants.

Student organizations working within educational institutions play a particularly important role in reducing unemployment. First of all, they give to students the opportunity to gain experience and professional skills which will further help them integrate into labour market. The Business Incubator set up at the Academy of Economic Studies of Moldova (AESM) is a representative example from this viewpoint. AESM provides to students financial and administrative support for starting a small business. See BOX 2 for a thorough analysis of the activity of the Centre for Placement and Relations with Business Entities – "Business Incubator".

BOX 2.

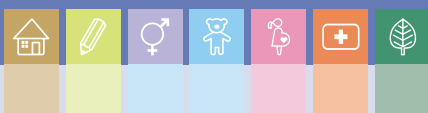
The activities of the Centre for Placement and Relations with Business Entities – "Business Incubator" – aimed at preparing the students and graduates for facing labour market challenges.

The Business Incubator was set up in 2005 and successfully carries out its activities in the premises of the Academy of Economic Studies of Moldova (AESM). Its mission consists in supporting entrepreneur students of AESM, through professional, technical, administrative and consultative assistance in business field.

The annual contest "The best business ideas" for II, III and IV year-students is the key-project developed by the Incubator. Within this contest, students may submit business plans and enjoy financial support for their implementation from the side of business entities which sponsor partly the project. The activity of the residents is guided by a council of mentors, consisting of representatives of partner companies and independent experts. The project's partners also provide to contest winners support in the form of consultancy, information, donations, etc.¹

In addition to it, the incubator also conducts training activities accessible for all students. In other words, the incubator plays several roles in the context of MDG 8 – support for student professional development programmes, intermediation between business sphere representatives and students, developing SME-s.

¹ www.ase.md/carteia/index.php?page=incubator



During the interview, the incubator's representatives stated they had made several attempts to establish partnerships for cooperation with governmental institutions, but they unfortunately failed. The negotiations with the Ministry of Youth and Sports with a view to set up new similar incubators are a relatively recent example. After several weeks of negotiations, the Ministry renounced to the idea of implementing similar incubators in the region, motivating the decision by the lack of competent personnel, rather than by the shortage of financial resources.

IDIS „Viitorul” is another civil society representative which carries out a range of programmes related to Target no.4 of MDG 8 and which has already been repeatedly mentioned in the context of the previous targets. This NGO develops surveys intended to evaluate present situation and Government policies in this field.

A large share of respondents pointed out the low number of projects/programmes implemented in Gagauzia and Transnistria in the context of the targets of MDG 8. The representatives of IDIS „Viitorul”, as well as other respondents listed the constraints faced within the respective projects: limited (or even unavailable) possibility to cooperate with local government; low degree of transparency; difficult access on-site, particularly to the area on the left-side bank of the Dniester, etc.

None civil society respondent interviewed within the survey predicted the achievement of Target no. 4 before the year 2015. In the same time, all the respondents mentioned the deficiencies of the educational system as one of the central problems in this field. Or, young people cannot find a job, because they do not have an educational background susceptible to compensate the lack of professional experience. As a result, vacancies are filled by people with a larger length of service, regardless of the higher education diploma held by the younger candidates or of their specialization.

3.5 Providing the Population with Essential medicines

A range of civil society representatives working in fields related to Target no. 5 of MDG 8 have been contacted within the survey, but they were not willing to take part in interviews.

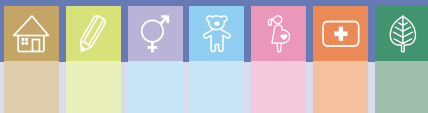
3.6 Building an Information Society

The survey's outcomes show that civil society has no more projects with a significant impact on building an information society. On the other hand, during the period 2001 – 2008, a large number of projects were implemented in this field, with a special focuss on rural areas and on communities outside Chisinau municipality, where were set up community information centres and youth centres equipped with computers, and public libraries and local government authorities were provided with computers within public-private partnership projects. A relevant example to be mentioned in this context was given by Community Development Programme and Local Economic Development Programme implemented by „CONTACT” National Assistance and Information Centre for NGO-s in Moldova throughout the period 2001 – 2008, alongside with the programmes implemented by SO-ROS-Moldova Foundation. In the past five years, such kind of projects are directly implemented by telecommunication operators within corporate social responsibility campaigns (for more details, see Chapter 4). On the other hand, likewise for other targets of MDG-s, civil society plays an important role of observer with regard to this target, too. In the past five years, were conducted many surveys on a broad spectrum of issues tangential to the situation on telecommunication market, access of population to mobile telephony and Internet services.

**Create a global partnership for development****Goal 8**

In 2008, „Expert-Grup” conducted a survey on “Competition on the market of Internet access services in Moldova”, a project implemented with the support of Open Society Institute of Budapest. The survey analyzed a large range of issues: balance of forces and market shares of Internet service providers; Government’s endeavours aimed at regulation of this market; market trends and development prospects. The efforts made by state institutions in order to develop a legislative framework for promoting loyal competition are periodically assessed by civil society representatives.

In the past years, several projects with a high impact have been implemented in this field, nevertheless, the general involvement of civil society in the context of this target may be assessed as passive. The role taken by non-governmental organizations is limited to conducting periodical surveys with a minor impact which often do not reach their destination. In order to generate a more significant impact, civil society representatives need to analyze the barriers faced by business sphere and the interests of the beneficiaries of telecommunication services. Afterwards, competent organizations might transmit a message and optimal solutions to Government representatives, fulfilling in such a way efficiently their role of messenger.



CHAPTER 4.

ROLE OF PRIVATE SECTOR IN ACHIEVING MDG 8

The particularity of private sector contribution to MDG 8 consists in its involuntary input to achievement of the specific targets. In other words, business entities rarely aim at reaching any target of MDG-s. Any contribution (even a considerable one) is in fact the result of the company's efforts to maximize its profit.

Although the assessment of the degree of business entities awareness about the targets of MDG 8 is one of this survey's objectives, this chapter will mainly focuss on the contribution of business entities, regardless of their knowledge about relevant documents/treaties.

4.1 Role of Private Sector in Developing a Transparent, Predictable, Non-Discriminatory and Rule-Based Trade and Financial System through Promoting Exports and Attracting Investments

The first target of MDG 8 concerns to a certain extent all business entities. In the same time, the target assigns a primordial role to administrative authorities and legislative power which have the prerogative to establish and follow equitable rules for operation of the financial and trade system. Business entities are in a certain way responsive to the signals of the environment where they operate. For example, a clear and equitable fiscal framework might encourage or at least maintain a certain flow of investments; a legal framework ensuring the efficient protection of property rights might have similar effects.

No doubts, legislative initiatives can also emerge from the business environment. Moreover, taking into account that business entities are the best informed about concrete problems of the investment climate and the barriers to exports, such initiatives are desirable. Private sector representatives may transmit to Government their feedback and suggestions about the legal frame through several channels for influence. The first channel implies a direct interaction between the company's representative and the Government – for example, working groups and roundtables held by the Ministry of Economy and the Ministry of Finances with a view to conduct legislative consultations, problem identification, etc. The Company delegates a person empowered to represent exclusively the company's interests. The second channel for influence (which is, by the way, much more efficient) implies the establishment of lobby groups. In such a way, the position of several companies is formulated by one of them or by a third and is afterwards transmitted to Government either by the means of an official letter, or within a roundtable held together with the authorities.

In 2006, in Moldova was set up the American Chamber of Commerce (AmCham). One of the major objectives of AmCham is to formulate the interests and goals of Moldovan companies and of local subsidiaries of foreign companies¹. Thus, AmCham fulfils the function of “messenger” of its mem-

1 www.amcham.md/index.php?go=aboutus&sub=history



bers (about 70 companies) in relation with various state institutions. Being organized as a NGO, the objectives of AmCham derive from the interests of its members. Therefore, within this survey, AmCham was mostly approached as a representative of business environment, rather than of civil society.

Throughout the past five years, AmCham has represented the interests of large and medium-size companies in various fields which have direct links with the first target of MDG 8. AmCham has systematically raised various issues related to fiscal regime; the set of laws regulating the consumer's rights; the administrative burden; the procedure for company registration; issuance of construction permits, etc. Or, AmCham is the most influent and active organization which, through efficient management of its members' interests, contributes to establishment of a non-discriminatory trade system. For example, in October 2011, AmCham's representatives developed a notification about the draft of the Law on Competition and submitted it to the National Agency for Protection of Competition. The notification took into account both the EU's best practices, and the interests of the business environment². Thanks to AmCham's efforts, the adoption of the law was postponed, and key-issues have been subject to review.

Foreign Investors Association of Moldova (FIA) is another example of organization which promotes the interests of business environment representatives. FIA was set up in 2004 by 8 investors with the support of OECD. 8 years later, the association has 18 members, whose total investments in Moldova exceed the amount of 800 million USD, i.e. over 50% of the total stock of foreign direct investments in Moldova estimated since the proclamation of the country's independence³.

At present, FIA implements the project "Governance Reform in Moldova" which has a contribution to strengthening the financial system and, respectively, to reaching the target of MDG 8. Together with the representatives of the National Securities Commission, Stock Exchange, Ministry of Economy, National Bank of Moldova, commercial banks and other authorized participants on the capital market, FIA has identified and debated a number of problems related to the enforcement of Joint Stock Company Law and of Securities Market Law and submitted proposals for modification of the above-mentioned laws.⁴

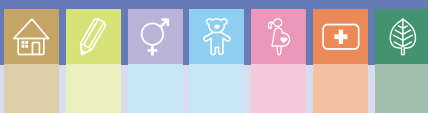
Both AmCham, and FIA are members of the National Council for Participation (NCP) – a consultative body established at Government's initiative in 2010. NCP is intended to facilitate the participation of stakeholders in the process of development, implementation, monitoring, evaluation and update of strategic planning documents. Thus, in addition to FIA and AmCham, private sector's interests are also represented by the means of NCP.

International consultancy companies which promote professional integrity and expertise and, in the same time, help business entities interpret correctly the rules of game imposed by the legislative framework, play a particular role in the context of Target no. 1. A consultancy company from this category has been interviewed within the survey – „PricewaterhouseCoopers” (PwC) whose representatives consider that their activities in Moldova promote the principles of corporate social responsibility among the clients who are well-informed about legislative changes and the practical way to apply them. In such a way, PwC contributes to strengthening a rule-based trade system.

2 Discussions with AmCham's representatives

3 www.fia.md/index.php?Itemid=29

4 FIA did not give any interview within the survey on MDG 8, all data have been taken on the organization's official website.



The presence of international consultancy companies, such as PwC, on Moldovan market provides to potential investors a set of guarantees deriving from the international reputation of the corporation and the quality of the provided services. Or, a foreign investor is much more disposed to start a business if he/she has access to the support of a company of the scale of PwC. The costs of starting a business, fiscal and administrative implications become much clearer, while the interaction with the authorities is facilitated. In other words, the presence of PwC on the Moldovan market has a certain contribution to attracting foreign investments and, at a further stage, to strengthening the country's export potential.

In terms of financial system development, it is important to take into account the impact and contribution of commercial banks. The largest three banks of Moldova have been contacted within the survey, but none of them accepted to take part in it. Two of them stated that MDG 8 are not relevant for their activities.⁵ Thus, we might suppose that the formulation of the first target of MDG 8 is not explicit enough, therefore the representatives of financial institutions operating in Moldova do not realize what might be their contribution to achieving it.

4.2 Role of Private Sector in Dealing with the Issue of Landlocked Situation of the Republic of Moldova through Transportation and Customs Infrastructure Modernization

The problems of transportation and customs infrastructure have first of all an impact on entrepreneurs who practice delivery of goods (either within the territory of Moldova, or outside the country), imports of raw materials. As we have already mentioned above, the bad condition of roads and highways causes exaggerate transportation costs, while the administrative capacity of customs complicates exports/imports procedures.

At the beginning of 2012, AmCham set up a new committee in charge of dealing directly with problems of production and logistics companies – Production and Exports Committee⁶. One of this committee's major objectives is to establish a constructive and open dialogue with public authorities in charge of customs policies and elucidate the regulations in force. The Committee is also concerned about harmonization of the Moldovan legal framework with international best practices and aims at setting up a favourable business climate for operational companies and attractive for potential investors⁷.

In terms of concrete activities planned for nearest future, the Committee's representatives intend to review all drafts of legislative papers which might have an impact on the activity of local producers and logistic companies and to undertake lobby actions intended to protect the interests of business sphere and, in the same time, to enhance the investment climate. In accordance with DCFTA Plan mentioned in Chapter 2, this year will be issued a wide range of legislative papers susceptible to have an impact on the work of customs authority and, particularly, on the tools for operation of border checkpoints.

In the same time, public authorities seem to be open to a closer cooperation with private sector. Throughout the past year, Customs Service of the Republic of Moldova launched a new tool for consultation with private sector representatives in the field of food and non-food industry (producers,

5 The third bank confirmed its availability to take part in the survey, but did not supply in time the requested data

6 www.amcham.md/docs/AnnualReport2011.pdf

7 www.amcham.md/index.php?go=committees&sub=mec



importers and exporters) with a view to ensure transparency of the decision-making process and counter traffic in goods.⁸ The openness of public authorities to a constructive dialogue with business environment representatives might encourage a higher level of entrepreneurs' concern in the near future.

4.3 Role of Private Sector in Monitoring of the External Debt

Despite the fact that the largest share of the external debt is made up of private debts, none business sector representative accepted to ask the questions related to the respective target of MDG 8. Obviously, valuable information from this perspective might have been provided by commercial banks operating in Moldova, but, as we have stated above, the contacted banks refused to take part in the interview. Our recommendations for raising the awareness of business entities from this viewpoint are formulated in Chapter 5.

4.4 Role of Private Sector in Reducing the Rate of Youth Unemployment

Private sector representatives play a primordial role in achieving Target no. 4. During the interviews, including the interviews with civil society representatives, they provided information about the projects implemented by business entities in the context of Target no.4. This chapter's findings are based on these sources of information.

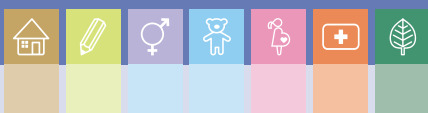
Business Incubator of AESM whose activities were described in Chapter 3 cooperates with several large companies to implement its key-project – “Contest of Business Ideas”. ORANGE mobile telephony operator was the major project's funder in 2010 and 2011. ORANGE awarded laptops and other equipment to the contest's winners who were also provided free consultancy by the company's employees. This project does not imply „classical” employment of students, it gives them the possibility to start a business and develop entrepreneur skills and knowledge. Such skills are expected to open for them large employment opportunities at a further stage.

The representatives of AESM Business Incubator pointed out an interesting issue – unwillingness of companies to support projects funded by their direct competitors. For example, MOLDCELL, another mobile telephony operator, refused to support the “Contest of Business Ideas”, but accepted to implement another project in cooperation with AESM Business Incubator. The first edition of the project “Your Future Starts Today” was held in 2009. The project consists of a series of free of charge training activities for students. Within this project, representatives of all departments of MOLDCELL hold lectures and presentations on various issues, among which: development of the professional career of the young graduate; a motivated employee – a motivated client; marketing and product life cycle; internal control on the company; ethical and behaviour code; how to transform a conflict into efficient sale tactics, project management – a basic element in MOLDCELL activity. Since 2009, MOLDCELL professionals conducted 30 workshops for nearly 700 students within the project „Your Future Starts Today”.⁹

MOLDCELL and ORANGE are not the only companies of telecommunication sector which have actively involved in coping with youth unemployment problem. StarNet Company has implemented a series of programmes focussed on facilitation and improvement of the educational process in educational institutions. For more details about StarNet activities, see Sub-chapter 4.6, Box 3.

⁸ www.customs.gov.md/index.php?id=2087

⁹ www.moldcell.md/rom/private/node/15082



Representatives of the Organization for Development of Small and Medium-Size Enterprises (ODSME) have also been interviewed within the survey. Although ODSME is a public institution, it conducts many training courses and programmes focussed on youth vocational training. Most training programmes conducted by ODSME are not intended for a specific category of entrepreneurs. For example, entrepreneurs of all ages from many regions of Moldova (Șoldănești, Hîncești, Dubăsari, Căușeni, Cimișlia and Ciadîr-Lunga) took part in "Single-Entry Book-Keeping" programme.¹⁰

ODSME also has active interactions with companies working on the Moldovan market. According to ODSME representatives, business entities are not interested in youth employment, because university curricula do not develop a satisfactory level of competencies. In fact, the opinions of ODSME respondents coincide with the opinions of business sector representatives interviewed within the survey.

4.5 Role of Private Sector in Providing the Population with Essential medicines

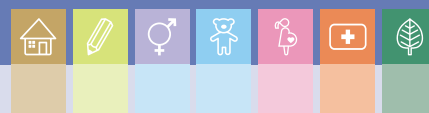
Likewise in the case of external debt monitoring, a few number of interviewed companies have funded a campaign focussed on this specific target – ensure the population with essential medicines. One of the few projects was implemented by AmCham in June-September 2010. In the framework of a charity action entitled "Life without Leukaemia", many members of AmCham donated from 500 to 1000 USD and the collected sum was transmitted to Oncologic Hospital. In addition to it, a lottery was organized on the occasion of the Independence Day of the USA and the money coming from it was transferred to Oncologic Hospital as well to be used for purchase of medication for children suffering from leukaemia.¹¹ It is also worth being mentioned that the impact of AmCham and its members in the context of Target no. 5 is not limited to occasional philanthropy projects. In 2011, AmCham set up a Health Committee consisting of representatives of 4 pharmaceutical companies working on Moldovan market: GlaxoSmithKline; Bayer Healthcare; Abbott Moldova; Novartis Pharma Moldova. The Committee aims at a range of objectives, including: promoting transparency among pharmaceutical companies working on Moldovan market; promoting medication safety; monitoring of medication market; encouraging exchanges of information among the Committee's members; establishing a dialogue with public authorities with a view to identify pressing problems and legislative gaps in regulation of medicine certification on the market, in Customs Code and in intellectual property rights.

The efficient cooperation between pharmaceutical companies and, particularly, their collaboration with public authorities will ensure a better transparency of pharmaceutical market. A clear normative framework protecting the players' interests would encourage new pharmacy companies to enter the Moldovan market. A more fierce competition and the wide diversification of medicines would ease the access to essential medicines, contributing in this way to achieving Target no. 5.

Medicines Agency (MA) – a public institution directly subordinated to the Ministry of Health, was also contacted within the survey. The basic prerogatives of MA include reform of pharmaceutical system, control on medicines market, monitoring and coordination of the process of provision with medication and pharmaceutical assistance at national level. The Agency's representatives stated that business sphere has an active involvement in formulation of policies and regulations related to pharmaceutical market. Representatives of pharmaceutical companies have regular meetings with the Agency within roundtables to debate on possible legislative modifications.

¹⁰ For more details, see http://www.odimm.md/ro/proiecte_imm/default.htm#1

¹¹ www.amcham.md/?go=news&n=69



According to MA representatives, business entities working on pharmaceutical market are very receptive to initiatives related to promotion of drugs and to adjustment of the normative framework regulating this field.

United Nations (UN) representatives have also been contacted within the survey. In their opinion, Government policy in this field is inadequate. UN representatives consider that the regulations on public procurements hinder the international tenderers from participation in such auctions. In other words, the money allocated from different sources for implementation of projects for provision with essential medicines is often inefficiently spent.

4.6 Role of Private Sector in Building an Information Society

The role of private sector in the context of building an information society is difficult to be underestimated. The statistical data presented in Chapter 2 show that the efforts put up to present have generated promising outcomes. The increase in the number of mobile and fixed telephony and Internet subscribers is one of the few indicators which will be certainly exceeded before the year 2015.

The contribution of private sector to achievement of Targets 4 and 6 can be explained by the coincidence of objectives. More exactly, providers of telecommunication services cannot maximize their profit without attracting a maximal number of clients. Thus, the company does not need to conduct auxiliary activities as contributor to the target under consideration.

Fierce competition on the market of mobile telephony and Internet services is another factor fostering the achievement of the target. New packages of services, new offers, new operators – all these create a more competitive environment and contribute to fall of prices on the respective market. Accessible prices encourage more people to subscribe to mobile telephony and Internet services. In this context, awareness about Target no. 6 is not as important, as in the case of other targets, because positive developments will be further maintained, regardless of the level of operators' awareness about MDG 8.

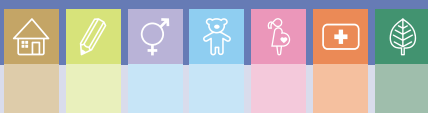
Practically all operators have conducted activities susceptible to contribute to building an information society in Moldova, without searching an immediate profit. StarNet – the second company from the viewpoint of Internet services sale – has actively contributed to increasing Internet accessibility in public places. For more details about StarNet activities in the context of Target no.6, see Box 3.

BOX 3.

The activities conducted by StarNet company in the context of Target no. 4 – Reduce youth unemployment rate) and Target no. 6 - Build an information society).¹²

StarNet company developed a range of campaigns which have had a successful contribution to achieving several targets of MDG 8. Thanks to StarNet openness to cooperation with civil society representatives and to the outcomes resulted from such partnerships, the company could

¹² The data presented in Box 3 have been provided by representatives of StarNet company.



have a considerable impact both on building an information society, and on strengthening the educational system and the system of youth vocational training.

One of the most ambitious projects implemented by the company in the context of Target no. 6 is entitled „WiFi for Chişinău”. In May 2009, StarNet identified 6 WiFi areas in Chisinau, and the project was afterwards expanded to other towns of Moldova. In August 2011, StarNet installed wireless Internet in parks of the towns of Soroca. In May 2012, a similar action was organized in the towns of Hînceşti and Sîngerei. In Făleşti, wireless Internet area covers the central park, the town hall, Civil Status Office, the music school and the Territorial Cadastre Office.¹³ StarNet intends to establish WiFi free areas in all towns of Moldova. Its activities are conducted in close cooperation with local government and are intended to support the national development strategy.¹⁴

The future projects planned by the Company and the enlargement of the network coverage open new employment opportunities for young professionals. Due to transparent employment policy of StarNet, students in Information and Communication Technologies have access to detailed information about the available vacancies and may fill out employment forms. Moreover, on some days, young people have the chance to discuss with StarNet specialists about their opportunities for professional growth in the field of ICT; about the company's expectations from their future employees and about the characteristics of an ideal candidate. In November 2011, StarNet conducted a wide employment campaign.¹⁵

Since 2010, StarNet plays a particular role for strengthening the National Scientific-Educational Network in the Republic of Moldova (RENAM).¹⁶ Within a project funded by NATO Research Council and the European Union, with technical and financial support of StarNet, was established a fiber link between Romania and the Republic of Moldova. The network enhanced the access of scientific-educational community of the Republic of Moldova to European information system. Thanks to this project, the optical communication infrastructure for E-research and E-Education in Moldova was upgraded.¹⁷

StarNet is not the single company which implemented projects on integrated/complex issues. In 2007, „Business Intelligent Services” Ltd. developed a report on „Development and Assimilation of Information and Communication Technologies in Educational Institutions”. The report complies with two targets of MDG 8: Target no. 4 has been indirectly approached, because a quality educational system opens for graduates more employment opportunities, while the accessibility of information technologies has a direct contribution to building an information society. This particular example shows how a consultancy private company may take the positions of „observer” and „evaluator” which have traditionally been associated with civil society.

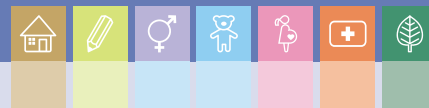
13 www.liceu.md/content/internet-gratuit-de-la-%E2%80%99Cstarnet%E2%80%9D-%C3%AEn-parcurile-sorocii/6273

14 Law on the approval of National Development Strategy 2008-2011 no. 295-XVI of 21.12.2007

15 v.starnet.md/news/?nid=62f8457c69a3107bda7c3dd2941a532d

16 For more information on the specific objectives of RENAM, access http://www.renam.md/index.php?option=com_content&task=view&id=28&Itemid=8

17 v.starnet.md/news/?nid=a83ce6c66e5142c0b5b695622bda362c



Moldtelecom, a leader on the market of Internet services, has also conducted a range of projects in this field. In 2007, Moldtelecom committed to connect to Internet the schools of Moldova. At present, over 1 600 educational institutions of the country have access to Internet services provided by Moldtelecom within this programme.¹⁸

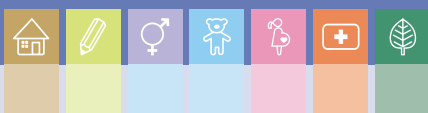
Although Suncommunication, Moldcell and Orange companies are not as active as the leaders on this market segment, their options allow the diversification of offers and a healthy competition among Internet services providers. Still, from the perspective of the second part of Target no. 6, the role of Orange or Moldcell changes radically, as they cover at present 97% of the market of mobile telephony. The fierce competition among these two operators of mobile telephony is favourable for the consumers and boosted the growth of the number of subscribers. None of them accepted a brief interview, nor to fill out the questionnaire, nevertheless, their impact is incontestable and consistent, regardless of their level of awareness about the targets of MDG 8.

On the background of the success of mobile telephony operators, or, in other words – because of their success, the present rates of increase of the number of fixed telephony subscribers will not ensure the achievement of the target established for the year 2015. The availability of mobile telephony as an alternative has a considerable impact on the rate of growth of fixed telephony subscribers, but it is far from being the single explanation. Moldtelecom still holds the monopoly on this segment of telecommunication market and, up to Autumn 2011, the company had the right to promote such a policy.

The prognoses for the coming years are nevertheless rather optimistic, because the National Regulatory Agency for Electronic Communications and Information Technology (ANRCETI) green-lighted competition in the field of electronic communications, including on the market of hired lines. Moldtelecom was designated as an operator with a significant power on market 6 – terminal segments of hired lines and on market 8 – segments of trunks of hired lines. By the end of this year, new fixed telephony operators are expected to enter the Moldovan market. The availability of a wide range of offers and the competition on this market will contribute to price downfall and, possibly, to a more dynamical increase of the number of subscribers.

Taking into account that the number of fixed telephony subscribers depends on the price of this service and on the offers susceptible to replace it, it is difficult to identify which specific actions undertaken by Moldtelecom might have a significant impact on the statistical data related to MDG 8.

18 www.moldtelecom.md/news/398



CHAPTER 5.

CONCLUSIONS AND RECOMMENDATIONS

5.1 Recommendations for the Government

As it has been stated in previous chapters, the more active involvement of business environment and civil society in the context of MDG 8 is often obstructed by the complex formulation of the specific targets. The interviews with the respondents pointed out that civil society representatives and, particularly, business entities do not understand to a full extent the essence of the targets. The most relevant example from this viewpoint is the first target aimed at “further development of a transparent, predictable, non-discriminatory and rule-based trade and financial system, through promoting exports and attracting investments”. The totality of issues which might be covered by this target hinders¹ the stakeholders from focussing on a concrete aspect. Or, this target covers such issues, as quality of the legal framework regulating entrepreneurship activity; general business environment; investment climate; degree of corruption, etc. In other words, Target no. 1 aims at everything, in general, and at nothing, in particular.

We must recognize that Government has made several attempts to detail the Millennium Development Goals and the concrete targets established for Moldova. Government Decree no. 288 lists the Millennium Development Goals, the concrete targets and the units of measurement to be used for performance quantification. In the same time, the concrete role of each category of stakeholders still needs to be clarified.

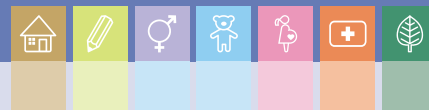
Another attempt to invoke the targets of MDG 8 was done through their integration into the Strategy 2020. A careful overlook on the strategy points out a surprising similarity between key-objectives selected by the Government as a priority and the targets of MDG 8. The Strategy covers such issues, as quality of roads, access to financial resources, strengthening the educational system and the legal framework on entrepreneurship. In addition to it, the Strategy tackles the issues of access to medication in the context of strengthening health care system and sanitation services.

Promoting the targets of MDG 8 in the context of national strategies seems a plausible idea, nevertheless, Government shall adopt a more complex approach with a view to involve various categories of stakeholders in achieving the established targets. To such an end, the following recommendations are made:

- ♦ encouraging more close cooperation between state institutions² which are concerned by the targets of MDG 8 and private sector representatives. As far as the first two targets are concerned, the “ground” for cooperation can be prepared relatively easily. As such targets are tangential to many problems of primordial importance for business entities, business sector representatives will be receptive to Government’s initiatives for establishing a dialogue. With regard to the other targets, Government shall find the ways how to sensitize the business entities, because these targets have indirect links with

1 For more details about the economic parameters related to this target, see sub-chapter

2 Ministry of Finance, Ministry of Economy and Trade, Ministry of Youth and Sports, Medicines Agency, Ministry of Health, Ministry of Transportation, Ministry of Communication and Information Technologies.



their basic activities. Roundtables and consultations with private sector representatives (including with the concerned investors and companies which are present on the Moldovan market) shall be conducted in dully terms, and their proposals shall be taken into consideration in policy development, not only be reckoned;

- ♦ re-formulation of the targets of MDG 8, particularly for business environment representatives. Specifying the contribution expected from the side of business entities. From this viewpoint, a special attention shall be paid to Targets 3, 4 and 5, because companies are not much concerned about the respective issues;
- ♦ establishing a schedule for cooperation with civil society representatives and donors. The strategic decisions related to MDG 8 shall be taken within meetings of the three categories of stakeholders. Due to such a measure, all stakeholders will be informed about the position of the other stakeholders, and international organizations will have a better understanding of the needs for funds and of present challenges;
- ♦ active participation of Government representatives in launching surveys and sensitization campaigns conducted by NGO-s. As a result of more active involvement in civil society activities, public authorities will have a new perspective on problems related to the targets of MDG 8 (and not only this goal). Moreover, civil society may unveil or anticipate some problems which other stakeholders who are directly involved in the events might not perceive.

5.2 Recommendations for Civil Society

The survey under consideration pointed out that while civil society has an active contribution to achieving certain targets of MDG 8, it is totally absent in the context of other targets. During the interviews, practically all civil society representatives reported 2-3 projects as a contribution to Target no. 1, but none project was specified as a contribution to Target no. 5. Such a non-homogenous involvement is natural, still there are possibilities for efficientization of civil society activities conducted in the context of MDG 8.

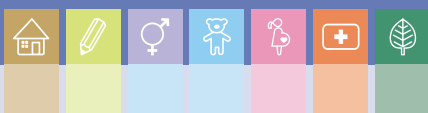
The survey has also shown that civil society does not have well-defined links with private sector representatives. It means that civil society does not often require the companies' support for implementing its projects related to MDG 8. In the same time, civil society has considerable expectations towards international organizations. There is still one exception – practically all civil society organizations working in the field of youth³ have a viable partnership with business environment.

The initiative for establishing a partnership between civil society representatives and business sphere should come from the former, because private sector representatives are too much concerned about their daily problems and do not have time for searching a social partner or a beneficiary of funds among NGO-s or public associations.

Therefore, it is recommended that civil society:

- ♦ takes the initiative in terms of cooperation with private sector representatives. More exactly, NGO-s are encouraged to request the support of companies for implementing their programmes focussed on MDG 8. It does not imply solely financial support, but also material contribution, know-how, premises, etc;

³ Interviewed within the survey



- ◆ cooperates with governmental organizations in establishing the intermediary targets and provides to Government assistance for detailing of the specific targets. NGO-s which conduct analytical surveys shall provide support for implementation of specific targets through detailing the role of private sector in the context of MDG 8;
- ◆ involves more actively in the context of Target no. 5 through sensitization of public opinion, implementation of projects in this field, establishing links with pharmaceutical companies working on the Moldovan market;
- ◆ unveils the challenges in communication sector and transmits the relevant message to public officials empowered to take decisions on such matters, building in this way a bridge for communication between government and telecommunication companies.

5.3 Recommendations for Business Environment

It is very difficult to make recommendations for business entities in the context of MDG 8. Such a difficulty is determined by the nature of the contribution expected by the Government and the basic goal of private sector – getting a profit. While some targets raise a high level of concern and illustrate the problems faced by entrepreneurs in their day-to-day activity, other targets are often neglected because they imply a high degree of social responsibility and additional expenditures. In such conditions, business environment might take into consideration the recommendations if they are susceptible to help them achieve their central goals.

The quality of transportation infrastructure, customs procedures related to exports and imports of goods, alongside with the quality of trade and financial system raise a particular concern from the side of all entrepreneurs. Formerly, the tools for influence used by private sector were rather primitive. Over the past years, a large number of companies have joined business associations. The members of the associations succeeded to amplify and organize their impact on economic and fiscal policies promoted by the Government. But most members of such associations are large and medium-size companies.

On the other hand, the interests of small enterprises often differ substantially from the ones of large companies, but unfortunately they did not succeed to organize themselves as well as larger companies. Therefore, there is need for setting business associations for small companies, by fields of activity.

Despite the fact that a relatively low number of companies showed concern about Target no. 5, it is still possible to identify some incentives susceptible to motivate the business entities for having a contribution to this target. For example, pharmaceutical companies might get long-term benefits from a closer cooperation with Medicines Agency with a view to define a price policy focussed not only on immediate profit, but also on the consumer's interests.

Taking into account the above-mentioned, it is recommended that:

- ◆ small companies cooperate closer among them with a view to promote their own interests and formulate the problems faced in the context of the first two targets. The establishment of entrepreneurs' associations will help this category of business entities negotiate efficiently with governmental institutions on fiscal policy, import/export customs procedures, access to financial resources, administrative procedures related to entrepreneurship activity, etc.;
- ◆ medium-size and large companies involve more actively in activities aimed at achieving the "prospective" targets. We suggest, for example, to launch concrete activities for providing the disadvantaged categories of population with medication; to conduct



training activities for youth or to fund youth programmes; to develop public-private partnerships with educational institutions with a view to implement joint educational programmes for young people, including their involvement in practical activities throughout the whole period of training, as such a measure would allow the enrolment of students during their education and the evaluation of their professional competences upon graduation, including the evaluation of the competences developed during practical activities within the respective company, based on which the company might take a decision about 'full-time' enrolment of the respective young people. Such activities might be a part of social responsibility policy promoted by the company. In the long-term, such programmes can improve the company's reputation, its capability for lobbying, and can establish a "positive" relation with Government's representatives;

- ♦ pharmaceutical companies cooperate closer with Medicines Agency, Ministry of Health, as well as with civil society representatives who can act as intermediaries in philanthropy campaigns conducted by the companies. Dissemination free of charge or at preferential prices of essential medicines may strengthen the company's position and its reputation. Such measures may materialize in larger profits in the long-term.
- ♦ companies working in telecommunication sector carry out and support projects aimed at practical implementation of information technologies in various spheres of national economy. Thus, information technologies will have a positive impact on the country's degree of competitiveness and will not be limited to the number of subscribers to different types of services. For example, a more active cooperation with the representative of financial-banking system might open new opportunities from this perspective.

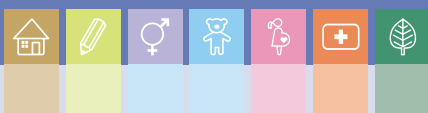
5.4 Recommendations for International Institutions (Donors)

Practically all civil society representatives who took part in interviews have pointed out the shortage of funds allocated by international organizations for programmes aimed at achieving MDG 8. The sequential nature of projects is another problem mentioned quite frequently by the respondents. Civil society representatives consider that some projects cannot have a continuity, because of the incapacity of NGO-s to raise new funds needed for project follow-up, what causes a reduced impact of the respective projects.

Another important issue mentioned also in sub-chapter 5.1 (Recommendations for the Government) is the degree of cooperation with governmental institutions. A clear communication between these two categories of stakeholders may facilitate the involvement of civil society in various programmes. Defining clear goals which reflect both the funders' opinions, and the opinions of governmental institutions is particularly important, especially in the context of the targets with economic profile.

Therefore, it is recommended that international organizations:

- ♦ follow-up a consistent policy for funding projects in the field of MDG 8 focussed not only on achieving the specific targets, but also on permanent monitoring of the outcomes;
- ♦ establish a constructive dialogue with public authorities in order to formulate clear intermediary targets both for civil society representatives, and for business entities;
- ♦ organize consultative meetings with private sector and civil society prior to launch of funding programmes or of other interventions.



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ANNEXES

Civil society representatives having a contribution to MDG 8	Data collected by the means of:	Conducted activities (no. of the relevant target):
"Expert-Grup" Independent Analytical Centre	In-depth interview	1,2,3,4,6
Business Consulting Institute	In-depth interview	1,2,4
"Viitorul" Institute for Development and Social Initiatives	In-depth interview	1,3,4,6
National Youth Council of Moldova	In-depth interview	4,6
Business Incubator	In-depth interview	4,6
"Motivatia" Association	Questionnaire about MDG 8	4,5
Y-Peer Moldova	Questionnaire about MDG 8	4,5
AISEC	Questionnaire about MDG 8	4
"Angelus Moldova" Philanthropy Medical-Social Foundation	Questionnaire about MDG 8	5
Junior Chamber International	Questionnaire about MDG 8	1,4
FHI 360	Questionnaire about MDG 8	1,4
Association of Poultry Growers of Moldova	Analysis of activities	1,2
"Habitat" Regional Development Agency	Analysis of activities	1
"Artena" Public Association	Analysis of activities	1
"ADEPT" Association for Participative Democracy	Analysis of activities	2
Institute for Development of Professional Capability	Analysis of activities	4

Private sector representatives having a contribution to MDG 8	Data collected by the means of:	Conducted activities (no. of the relevant target):
American Chamber of Commerce	In-depth interview	1,2,4,6
PricewaterhouseCoopers Audit Ltd.	Questionnaire about MDG 8	1,2,4
"Sancos" Clinic for Aesthetic Medicine Ltd.	Questionnaire about MDG 8	5
Bemol Retail Ltd.	Questionnaire about MDG 8	1
"Becor" Joint Company	Questionnaire about MDG 8	5
Gas Natural Fenosa JSC	Questionnaire about MDG 8	1
Medpark	Questionnaire about MDG 8	5
Aegis Grup Ltd.	Questionnaire about MDG 8	4
"StarNet" Ltd.	Questionnaire about MDG 8	4,6
"Interpares Prim" Investment Company	Questionnaire about MDG 8	1
"EclosService" Ltd.	Questionnaire about MDG 8	4
"Moldova-Agroindbank" Commercial Bank	Questionnaire about MDG 8	1,2
Foreign Investments Association of Moldova	Analysis of activities	1,2,4
Orange	Analysis of activities	1,4,6
Moldcell	Analysis of activities	1,4,6
Moldtelecom	Analysis of activities	4,6
GlaxoSmithKline	Analysis of activities	5
Bayer Healthcare	Analysis of activities	5
Abbott Moldova	Analysis of activities	5
Novartis Pharma	Analysis of activities	5

Representatives of governmental institutions having a contribution to MDG 8	Data collected by the means of:	Conducted activities (no. of the relevant target):
Organization for Development of Small and Medium-Size Enterprises	In-depth interview	1,4
Chamber of Commerce and Industry of the Republic of Moldova	Questionnaire about MDG 8	1,4
National Securities Commission	Questionnaire about MDG 8	1
Ministry of Economy and Trade	Questionnaire about MDG 8	1
Ministry of Transportation and Regional Development	Questionnaire about MDG 8	1
Medicines Agency	Questionnaire about MDG 8	5
Ministry of Health	Analysis of activities	5
Ministry of Communication and Information Technologies	Analysis of activities	6

Representatives of international organizations (donors) having a contribution to MDG 8	Data collected by the means of:	Conducted activities (no. of the relevant target):
German Agency for International Cooperation	Questionnaire about MDG 8	1
	Questionnaire about MDG 8	1,4,5,6
UNDP Moldova	Questionnaire about MDG 8	1,2,3,4,5,6
International Monetary Fund	Analysis of activities	1