


Annex 1: Corruption and anti-corruption in Moldova's SME sector

This report synthesises the findings of a research assignment commissioned to the Basel Institute on Governance by U4 Anti-Corruption Resource Centre, SIDA and USAID in the scope of the Anti-Corruption Pilot Project (APP). The goal of the research is to document and analyse how Moldova's political economy and social norms constrain effective implementation of anti-corruption initiatives in the small and medium-sized enterprises (SME) sector.

SME sector

The new definition of SMEs adopted in 2016 is in line with EU and international good practices. It uses employment, turnover and balance sheet criteria to determine whether a company is a micro, small or medium enterprise. While the employment criteria are consistent with the EU definition, thresholds for turnover and assets are lower in Moldova, reflecting Moldova's lower per capita incomes.



	Micro	Small	Medium
Employment	< 10 employees	< 50 employees	< 250 employees
Annual turnover	< MDL 9 million (EUR 0.46 million)	< MDL 25 million (EUR 1.28 million)	< MDL 50 million (EUR 2.56 million)
Total assets	< MDL 9 million (EUR 0.46 million)	< MDL 25 million (EUR 1.28 million)	< MDL 50 million (EUR 2.56 million)

Note: Exchange rates as of October 2019, per <https://www1.oanda.com/lang/it/currency/converter>.

Source: Law No. 179 of July 2016 "With regard to small and medium-sized enterprises."

The picture that emerges is, unsurprisingly, neither black nor white. While there have been improvements, significant challenges remain. The contribution of this research is to paint a nuanced picture of the state of corruption and anti-corruption as they pertain to SMEs in Moldova with an emphasis of the role politics and behavioural factors play in perpetuating patterns of corruption and inhibiting the effectiveness of anti-corruption initiatives. This nuance forms the basis for subsequently developing recommendations of concrete initiatives and interventions that can help improve the situation, building on existing efforts and bringing insights from a political economy and behaviour change perspective. Those recommendations have been elaborated in a separate document.

The analysis contained in this report is based on a desk research exercise and field work in Chisinau that took place between 24 April and 5 May consisting of 23 interviews with government officials, development partners, implementers, civil society organisations, business associations and small/micro entrepreneurs. The identities of interviewees have been kept anonymous but an Annex to this report gives an indication of the sector to which each interviewee quoted in the text (by means of an interview code) belongs. The interviewees identified

In the research, efforts were made to hear the experiences of small and micro-entrepreneurs and of implementers that work at the grassroots. The goal was to acquire as much information as possible on the actual challenges, opportunities and overall conditions “on the ground” against which the relevance and localisation of ongoing initiatives aimed at SMEs could be gauged. It must be noted that all following observations are based on a small number of interviews with these stakeholder groups and thus cannot be immediately inferred to be representative of the sentiment of small and micro-entrepreneurs in Moldova.

The report is organised as follows: Section 1 presents a summary of the findings about the state of anti-corruption in the SME sector in Moldova. Section 2 recaps and updates the findings from a mapping exercise of relevant anti-corruption initiatives for SMEs conducted by Victoria Popa. Section 3 lays out the findings about the political and social constraints to anti-corruption reforms in the SME sector and Section 4 provides final remarks on the alignment between ongoing initiatives and the research findings as well as implications.

1 The State of Anti-Corruption in the Moldovan SME Sector

As people used to say, ‘the severity of our laws is compensated for by their non-observance.’

Alena Ledeneva, Blat, Global Informality Project¹

1.1 Corruption diagnosis

One of the noteworthy findings of the research is that the narrative found in some reports about this topic – which can be summarised as: “Corruption destroys the companies that work legally” (IDIS “Viitorul” et al., 2018) – does not accurately reflect the reality on the ground; at least, not always and not for all SMEs. According to small and micro-entrepreneurs interviewed for this assignment, the huge burden of corruption was a reality before but the situation has improved significantly in the

¹ [https://www.in-formality.com/wiki/index.php?title=Blat_\(Russia\)](https://www.in-formality.com/wiki/index.php?title=Blat_(Russia))

sense, broadly speaking, that giving in to corruption has become more of a choice as opposed to being seen as unavoidable (Int. 2604.01) (Int. 2604.03) (Int. 2804.02).

The perceptions from those business people interviewed is that, although expensive and time consuming, it is possible for SMEs to play by the rules, and therefore operate without being involved in bribery. Corruption has become riskier (Int 2604.01) and is mostly an issue amongst those operating informally, who have comparatively little understanding of what exact rules they need to comply with, and are thus most vulnerable to abuse by inspectors (Int. 0505.01).

When asked about the practice of Cumatrim – the fictive kinship relationships associated in the literature with practices of clientelism and patronage – one of the small entrepreneurs interviewed stated that previously SMEs needed someone to protect them, for instance, a policeman friend, but this is not the case anymore (Int 2604.01).²

Regarding what they consider their biggest challenges, small and micro-entrepreneurs did not immediately bring up corruption during the interviews. Rather, they cited lack of resources, a small local market, and a lack of government support to those business actors playing by the rules (Int. 2604.02). Indeed, according to the IDIS “Viitoriu” et al. (2018) survey, 58% of businesses stated they have not encountered any corruption in their interaction with public officials. Other concerns voiced referred to unfair competition and unfair business practices, which doubly punish those who play by the rules given that they lose market share, while still having to pay all the costs of being compliant.

Of course, corruption and bribery do persist and continue to affect many SMEs. But the nuance matters.

For example, it is apparent from the interview data that some sectors are more impacted than others. The gastronomy and hospitality industries seem to be inordinately affected, whereas, according to one leader from the business community, the IT and wine sectors are protected from corruption (Int. 0205.02).

Further, nuance is important in terms of ascertaining the types of corruption relevant to SMEs. Following the “IDIS Viioriu” et al. (2018) report, of the five main corruption risks identified, two were strongly confirmed as the strongest: bureaucratic requirements that are inordinately complicated and sometimes outright unreasonable (henceforth referred to as “red tape”) and predatory

² This respondent was of the opinion that only big business who do business with the state and are engaging in public procurement processes continue to rely on a political roof in order to be successful.

inspections.³ These two areas are interconnected as it is well known that, in Moldova and elsewhere, bureaucratic complexity is exploited by abusive public officials (Fazekas, 2017; Baez Camargo et al. 2022, Mattson, 2023).

Red tape strongly comes up as heavily driving the corruption risks. Many interviewees' accounts painted a picture where unclear procedures and an unreasonable number of requirements for obtaining licenses, permits and clearances ("one never sees the end!" Int. 2604.03) make compliance with the laws and regulations extremely challenging, and therefore generate strong incentives for bribery.

To give a few examples, one interviewee described how in order "to open a beauty salon, ten different public institutions have to be visited" (Int. 2604.01). Prices for obtaining permits and licenses, as well as the fines for non-compliance, are inordinate for SMEs, because the legal and regulatory framework frequently does not distinguish amongst firms of different sizes; prices, requirements and fines are set at a level suitable only to large enterprises. This is particularly true in the case of the gastronomy branch where, according to an interviewee active in that area, very few establishments are fully compliant. For instance, opening a restaurant requires having 15 sinks installed. In the artisanal tourism branch, small lodges are expected to comply with requirements aimed at large hotels. These requirements were explained during one of the interviews as a legacy of the Soviet style centralised laws. Laws developed to guide the state-run economy are not reflective of the business realities of SMEs and make it very difficult for them to be fully compliant (Int. 0205.02).

As one small entrepreneur consulted for this study commented, it is necessary to have one person employed full-time just for ensuring the business is complying with the many bureaucratic requirements. Thus, it is unsurprising that the tremendous bureaucracy generates strong incentives for SMEs to operate informally.

The red tape also gives abundant ammunition to public officials who wish to extort bribes out of SMEs. Recurring with interviewees were concerns about the public officials that are in charge of delivering services (issuing permits, licenses, etc.), who are not helpful and sometimes not even knowledgeable of the details of all the rules they are supposed to be enforcing. Interviewees spoke about a punitive approach rather than a customer-oriented approach on the part of those public officials.

³ Public procurement is another area that was flagged by the IDIS report and indeed the research did deliver some findings on how corruption continues to be pervasive in this area. For example, public procurement processes are often fractionalized into many small procurements in order to avoid competitive tenders and controls. Also, there are too many contracting agencies and the public procurement agency in charge for monitoring cannot possibly cope. This is one of the key areas in the EU ascension process and is therefore significant and strategic (Int. 2504.02). However, the majority of respondents agreed that corruption in public procurements mostly pertain large companies and that, in fact, SMEs for the most part abstain from participating in bids for public contracts. For this reason this corruption risks is not addressed in this report as it falls outside the scope of the assignment.

Inspections are the other highly problematic area with corruption risks. Across the board, there is awareness at high levels of government that inspectors abuse their power and that their approach is one of punishing mistakes (which are often made given the burdensome red tape), rather than fraud (Int. 0405.02). Furthermore, unannounced inspections, which were also repeatedly indicated are particularly problematic, can be initiated based on a petition, which is risky as petitions can sometimes be submitted by competitors or people otherwise unfairly seeking to cause damage to the affected business (IDIS “Viitorul” et al., 2017: p.6).

The authorities mostly identified for carrying out unfair inspections are the State Labour Inspectorate (SLI), National Food Safety Agency (ANSA) and the State Tax Service (STS), with the latter one being viewed as very corrupt. One interviewee, who implements programs in support of SMEs, commented that tax inspectors do not follow the rules on how they should conduct their inspections and instead operate in a manner such as to “terrorise” (sic.) the microentrepreneurs (Int. 0405.04).

The above notwithstanding, the research also captured experiences from SMEs that suggest the situation with inspections has improved. According to one small entrepreneur, the picture of the very abusive inspectors was accurate ten years ago but is not anymore. Inspectors now have to report back to their management with evidence substantiating the results of their inspections in such a way that it would be difficult to accept a bribe to ignore infractions. Two small entrepreneurs, who pride themselves of being compliant, reported that their businesses have not been targeted by inspections for a long time, presumably because they have nothing that would be of interest to inspectors.

Finally, customs were consistently mentioned as a problem area, where bribery is “systemic and regular” (Int. 0205.03) (Int. 0305.02) (Int. 0405.04).

1.2 Incentives of SMEs

As one micro-entrepreneur interviewed for this assignment commented – when asked about the main challenges SMEs face in Moldova: “Everybody needs money” (Int. 2604.01). Amongst most interviewees, there was agreement that, first and foremost, this is an accurate statement. This means that programmes offering grants and loans to SMEs are highly relevant and attractive to SMEs. Against this backdrop, interest in initiatives that emphasise compliance pales in comparison.

SMEs are not interested in compliance, according to a high-level government person (Int. 2504.01). However, this is not entirely true. Rather, the research conducted for this assignment suggests that the time is ripe to step on the gas with initiatives to encourage SMEs to come out of the informal zone. According to an interviewee, SMEs would support compliance training to help them be brought “into the legal path” especially due to a scarcity of professionals who can provide assistance with this (Int. 2604.01).

Furthermore, SMEs understand that “paying a bribe each month is worse than learning how to be compliant.” Also, the more businesses come into legality, the more difficult it becomes to remain in the informal sector, as those who already operate formally will not be willing or able to make dealings with those informal, and access services (Int. 2604.01). This is why initiatives such as the Alliance of Small and Medium Enterprises (AIM) are becoming more attractive by offering tangible support and services to support the growth of SMEs through a Collective Action model. The COVID-19 pandemic added a considerable strain on SMEs, with many of them having to close down. Since the pandemic, however, they have seen an unprecedented rise in SMEs joining the initiative. This can be attributed to many factors, including a new member-led communication strategy, but might also be an indicator that, despite the existence of distrust amongst the business actors, external environmental pressures can highlight the importance of having a strong common voice. Since this growth in numbers, AIM has also increased its visibility in key stakeholder forums such as the Economic Council. It gives strategic input in new policy and proposed legislation, ensuring the SME lens and implications on SMEs are considered.

This is ever more relevant in view of the prospect of EU accession, through which incentives also arise. The procedures to be able to export are very expensive and cumbersome, and their reform would make the case for formalising grey market operations more compelling, especially to businesses that might be facing the prospect of lacking the ability to compete, and ultimately survive, once the EU ascension takes place.

Focusing on those who operate only partially formally makes sense from an anti-corruption perspective. Those who operate entirely in the informal market have very little to lose because if they are caught by inspectors, the fines are low. Very small businesses will, therefore, most likely lack the incentives to register. Those who are entirely registered can better defend themselves if given adequate information about what requirements they need to meet to obtain permits and licenses or the scope of the inspections they might be a target of. It is those operating in the middle space, where they might be formally registered but have a foot still in the informal space (maybe they do not have the licenses they need). Another possibility is that they only partially report their income in order to avoid taxes. This group is most exposed to be extorted by inspectors, and the fines are quite onerous.

Additionally, other areas of compliance highlighted as pertinent to SMEs include support and guidance on improving work conditions. For instance, support and guidance related to work safety (which – according to an interviewee – is amongst the least respected elements of the law) and related to training on business administration are deemed crucial.

The research has also shed light on important nuances in terms of incentives (or lack thereof) regarding corruption and anti-corruption actions.

On the one hand, bribery is regarded as an easy, straightforward way to avoid dealing with complicated rules and avoid sanctions extorted by abusive public officials. Mostly, there are no incentives to denounce abuse among SMEs, because most individuals fear reprisals and lack the trust that anything will change. This is in line with the findings of the IDIS “Viitoriu” et al. survey, which found that 79.3% of economic operators did not complain about corruption cases they encountered. Cited reasons for not complaining were: lack of trust in law enforcement bodies (46.7%), fear that the company would suffer (35%), and fear of reprisal (12.5%). Out of those who did lodge a complaint to have the corruption case addressed, the issue was not resolved in 63.3% of the cases.

On the other hand, there are some encouraging indications. Defending against unfair inspectors' actions and/or investing in understanding the complex procedures thoroughly result in less corruption engagement. Several interviewees agreed that entrepreneurs can, in fact, defend themselves if they have the right information (Int. 2604.01). And another entrepreneur stated that complying with the law is feasible but requires investing in acquiring all the right information (Int. 2804.02). When SMEs are compliant they can clearly have greater success at defending themselves from abuse and abstaining from engaging in corruption. But it is important to receive the right capacity-building to completely understand the requirements in order to fully comply with the applicable rules and regulations. Thus, legal literacy can address some parts of the problem. However, generally speaking, the baseline is perceived to be low: SMEs are generally not aware of the regulations, and details therein, that they are supposed to be complying with (Int. 2704.02).

The interviews also shed light on the limits to engaging SMEs in Moldova in collective action initiatives. A leader in the SME sector commented on how challenging it is to reach out to SMEs and attract their interest. This is very much linked to structural factors such as the fact that 98% of the private sector in Moldova are SMEs, of which 76% are micro-enterprises (under 10 employees). It is, therefore, a tremendously atomised landscape of micro companies struggling to stay afloat and it is a difficult stakeholder group to reach out to and mobilise. As an interviewee working in a business association noted, regarding what works to sell compliance to micro-enterprises, ‘we have not yet found the pitch’ (Int. 0305.02).

In line with the above, according to the IDIS “Viitoriu” et al. survey (2018) most Moldovan companies (71.4%) do not make use of any associative form to get information and support on preventing, combating and reporting corrupt practices in doing business. Also drawing on the survey outcomes, 86.7% of companies are not members of associations.

The closest the research found to Collective Action attempts was the following:

EU/UNDP Focal Regions programme has identified four economic clusters in the regions where they work through a multistakeholder approach (SMEs, local public authorities and research institutions) to mobilise stakeholders in order to promote a common interest. The clusters are 1) tourism, 2) Table

grapes, 3) Furniture and 4) Berries. This initiative was only very [recently launched](#), so it is too soon to draw any conclusions on the effectiveness of the multistakeholder approach.

One local governance project, focusing on citizen engagement and improving the quality of public services, conducted an attempt to introduce a model of Integrity Pacts “light”. The project supported local governments to undertake public procurement processes themselves (which is an exception as apparently in most local-level projects, the procurement is carried out by the implementing agency itself). This involved conducting background checks of bidders. However, it did not work well as most stakeholders (including the local implementing team) were reluctant to participate and/or support the practice (Int. 0305.01).

In the insurance branch, there was one localised example of Collective Action when a law reform threatened small firms' survival. Several firms joined up, signed petitions, and used legal instruments to defend themselves. The law in question was eventually abrogated. The joint actions of SMEs were short-lived and dissipated soon after (Int.2804.02).

Another project that supports rural enterprises to be more productive has achieved a certain level of success in getting farmers together to cooperate and align their positions vis-a-vis supermarkets. While this does not concern corruption, it is an example that cooperation in some cases can succeed in solving problems (Int. 0505.01).

1.3 Incentives of public officials

The overall picture of the prevailing situation in Moldova’s public sector is that low salaries and understaffing contribute to unmotivated and overwhelmed public servants. This situation is not exclusive to the central government; it also replicates at the subnational level, where local authorities are confronted with a shortage of human resources, small budgets and substantial mandates.

The challenges arising from the scarcity of resources (financial and human) are exacerbated by the persistence of remnants of the Soviet culture in the Moldovan public sector. The research findings align with what has been described in the literature on this issue. Examples of this heritage include “civil servants needing approval from their heads of institution to deliver even the least sensitive information” (Baltag and Burmester, 2022) and “a tendency to suppress rather than share information” (Khan, 2022:7). An interviewee characterised the Moldovan public sectors as still working on a command-and-control operational default, which explains how SMEs are treated (Int. 2704.03). Another respondent described the situation as stemming from the fact that the Government of Moldova has been designed so as not to change (Int. 0205.02). Following a similar line of thought, another interviewee shared the reflection that the public sector is permeated by an organisational culture that is extremely risk-averse. Public officials are reluctant to take proactive steps and take responsibility for making decisions. This results in stagnation and rigidity (Int. 0305.04) (Int. 0405.02) (Int. 2704.03).

A high-level government official noted the existence of pyramid schemes in certain institutions tasked with issuing permits, conducting inspections and in customs (Int. 0205.03), whereby senior-level officials order street-level bureaucrats and inspectors to extract bribes that are then siphoned upwards. Peer pressure and hierarchical organisational cultures contribute to the persistence of these schemes. This situation is, for the most part, not being addressed by the NAC, which is understaffed and under-resourced, and thus cannot properly address all issues under its broad envelope. Therefore, attention to SMEs' problems has not been prioritised (Int. 0205.03).

2 Mapping of Anti-Corruption Initiatives Relevant to SMEs⁴

There are many programmes in Moldova supporting SMEs with grants and credits. However, as far as the data collected through the research goes, there is no explicit attempt to link those to concrete anti-corruption or compliance elements.

Separate from the initiatives providing financial support to SMEs, many efforts are indeed being invested in addressing corruption risks generally.

2.1 Deregulation and transparency

Substantial reforms to inspections and simplification of bureaucratic burdens are underway. There is, in fact, a roadmap for reducing the regulatory burden for small and medium-sized enterprises. The Minister of Economics (MoE) has a team devoted to developing deregulation packages, as does the Economic Council, which has formed the first (of several foreseen) de-regulatory packages sent to Parliament. The USAID-funded Moldova Institutional and Structural Reforms Activity (MISRA) project is developing approaches to make inspections more predictable, with clear checklists that SMEs can refer to in order to understand whether inspectors adhere to the rules.

There have been proposals for the reactivation of the Competition Council to address unfair competition practices. However, information on whether these recommendations have been implemented to any extent is lacking.

The project EU4Moldova has a Focal Regions Programme, which invests in developing **one-stop-shop pilots** for the municipal level. These will decrease human contact and keep an electronic

⁴ This section draws on findings from the interviews as well as from the background document "Typology of anti-corruption recommendations and interventions for the SME sector in the last decade" by Victoria Popa of the Centre for Analysis and Prevention of Corruption (CAPC).

registry of all requests received and how they were processed. The pilots will be launched in June 2023 (Int. 2704.01).

2.2 Digitalisation

A lot is being developed in terms of advancing digitalisation, whereby reducing human contact is expected to play a key role in preventing corruption. The Ministry of the Economy has sent out three reform packages on digitalisation, following the Estonian model. One important element of this is the goal to move towards contactless procedures for business. The Government's objective is to have 70% of relevant documents online by the end of 2023. According to government sources, the problem is one of implementation, of who will be able to upload and ensure the digital platforms are functional (Int. 0405.02). Other actors are also working along the same tracks. For example, the MISRA project is developing plans for institutional strengthening, including e-government in infrastructure, customs, railways and food safety.

Already some positive results from the digitalisation reforms are being felt. One small entrepreneur confirmed that digitalisation has helped a lot precisely by eliminating contact with public officials (Int. 2804.02). A lawyer who works with SMEs also spoke about effective digitalisation of services, including for opening a business, making payments and dealing with the tax authority ("I don't interact with the tax authority anymore except online" -Int. 0405.03). Further, one respondent working with micro-entrepreneurs finds that opening a business is nowadays extremely easy (Int 0305.03).

The accessibility of these digital innovations might be where problems arise. This has to do not only with making the intended beneficiaries aware about the existence of the digital options, but also with the degree of digital and legal literacy needed in order to take advantage of digital tools. According to UNDP (cited by EBRD), fewer than 17 per cent of SMEs in Moldova have successfully integrated digital technology into their business activities.⁵ In this regard, an official closely working with businesses, especially with SMEs, commented that opening a business electronically is easy for a specialist but not so much for average micro-entrepreneurs (Int. 0405.04).

In this regard, tools such as an app recently developed by the Economic Council (BizRadar virtual business community app), can help. This app can help to deliver information, make surveys, rank institutional performance, and report abuses anonymously. The app has the potential to be expanded and to capture a wider variety of tools, groups, and relevant mechanisms. However, while its

⁵<https://www.ebrd.com/news/2022/ebrd-business-guide-updated-guidance-now-available-for-ukrainian-and-moldovan-smes.html>

development was paid for through donor support, there is no long-term strategy for how this app will be run, communicated, and expand its users.

Other mechanisms to forcefully disseminate easy-to-grasp and actionable information will be essential, as recognised by the MISRA project, which has dedicated a workstream to strategic communications.

A considerable hurdle is also the speed, inconsistency, and lack of strategic implementation along the value/service chain of digitalised reforms. This can result in loopholes and frustration in the business community and citizens, resulting in informal practices. (Int. 0405.03)

All in all, digitalisation is advancing in Moldova, albeit at an uneven and uncertain pace. Correct implementation and ensuring functionality remain outstanding concerns. Furthermore, the track record is not successful in all areas. According to interview data, the E-procurement platform is not yet functional and is still not formally approved; it remains a pilot. According to one expert interviewed for the research, overall, the E-procurement scheme is inadequate and not even in line with the Moldovan legislation (Int. 2504.02). However, there seems to be some progress made in terms of increasing transparency of beneficial ownership through the digital platform of public procurement beneficiaries *openmoney.md*. Regarding the prevalence of influence peddling and favouritism in the human resource management systems of the state, a transparent online competition-based system has been developed and is online at *carriere.gov.md/ro*.

2.3 Agency or sector-specific initiatives

As mentioned above, one frequently mentioned sector where corruption risks for SMEs are considered high is **customs**. There, the MISRA project has developed a nose-to-tail approach to certify authorised economic operators. Essentially, those who meet certain conditions are eligible for a speedy pass. MISRA wants to extend this approach to other institutions, such as the revenue authority.

Reform of the **revenue authority**. SIDA is providing technical assistance to the tax agency. Among other things, they intend to promote a change in the organisational culture, to make the tax authority more customer-oriented and less punitive. Although several integrity instruments have been promoted at the Revenue Authority, it continues to operate with low transparency. The new head of the agency is considered an anti-corruption champion.

Regarding the State Labour Authority, the implementation of recommendations made in the National Integrity and Anti-Corruption Strategy of 2017-2020 saw the establishment of several instruments for integrity promotion; the authority is very intransparent about their implementation and results thereof.

Adoption of anti-corruption standards. The Economic Council has promoted the adoption of the ISO 37001 standard by public institutions. One argument in favour of this approach is that, because compliance with the standard must be checked regularly, it provides incentives for the certified institutions to stay up to date and invest in implementation thereof as it would be embarrassing to lose the certification, therefore generating longer-term incentives to keep up the observance of the prescriptions. There are also some initiatives that allow citizens and businesses to rate their experience of public service institutions to increase the level of transparency and accountability, which can be helpful to baseline and identify what approaches/policies are having an impact on service delivery and integrity in the public sector.

Law enforcement-based approaches often begin with enhancing detection capabilities, which are often linked to encouraging the reporting of corruption cases. The businesses have the right to denounce, according to Law 131/2012. There is a national hotline for reporting corruption, which remains the preferred reporting mechanism of the population and businesses. However, the widespread mistrust in the state, fear of repercussions and the belief that impunity is the norm result in low reporting levels among Moldova business actors. Another initiative proposed an amnesty for companies that would report internal corruption cases; yet, it did not receive support partly because of the lack of interest on the part of the prosecution bodies.

2.4 Initiatives aimed directly at private sector actors

One category of **integrity-building initiatives** for SMEs relies mostly on either promoting the development and adoption of corporate business codes or on encouraging compliance with rules and regulations that govern interactions between private and public sector actors. The Model Code of Conduct for SMEs, which was developed in line with the Moldovan laws, has been promoted through a few trainings and events for SMEs convened by the NAC; for the most part, though, the Code has not received much attention. Similarly, a Business Integrity Award Initiative has received very little attention from SMEs.

Other recommendations have been made in the direction of encouraging SMEs to adopt **internal ethics systems**, for instance, by creating a subdivision or designating an employee as an ethics officer. However, such recommendations are difficult to implement for SMEs, particularly for micro-enterprises, for a variety of reasons beginning with costs, but also the fact that in small companies with a small number of employees, relationships tend to be more informal and anonymity cannot be ensured.

Another mechanism to encourage the adoption of integrity measures by SMEs is to seek alliances with multinational corporations. These companies have more resources invested in compliance and, because of their more substantial market influence, can advocate for partners down the supply chain

to protect them from abuse of power. This has been partially initiated by the American Chamber of Commerce but, interestingly enough, was not mentioned during the interview with this stakeholder.

A proposal for business associations and chambers of commerce to adopt the **ISO 37001 standard** has not entirely taken off, partly as investments in integrity are not yet a priority in Moldova. The idea was that the business associations could take the lead as role models in this respect and support their members to adopt the ISO standards. When considering whether ISO 37001 certification can be a practical tool for SMEs in Moldova, it is important to highlight that this type of certification would most likely be unaffordable for SMEs without external financial support. It also has to be renewed every two years, which means that in order to benefit from being officially certified, the company has to reinvest on an ongoing basis. ISO 37001 is considered the gold standard; it has not been designed for SMEs, and given the status quo of Compliance in the sector in Moldova, considerable time and money would have to be spent in the sector before companies would be able to be ISO certified. What could be more useful is to identify the high-risk areas for SMEs and apply a more targeted and context-sensitive certification approach directly linked to investor/donor requirements. Focusing on creating tangible business benefits that are linked to the development and implementation of compliance can help create a sustainable appetite for engagement that does not currently exist.

Regarding **fiscal incentives**, the Government of Moldova has enacted a single 7% tax for IT companies. It has been hailed as a success by some sources consulted (Int. 2604.02) because it has been an effective in bringing companies out of the informal sector. The Economic Council is basing a proposal for a similar approach for micro-enterprises, in order to ease the burden for them and help them be rid of inspections and fines (Int. 0205.01). However, such an initiative is likely to be met with a high level of opposition on the part of the Ministry of Finance, as explained above, and given the fact that fiscal policy is very rigid in Moldova due to a constant budgetary deficit.

In what could be included under the category of **collective action initiatives**, proposals have been made for the creation of independent platforms for advocacy and dialogue, which could be convened based on sectoral lines. However, such initiatives have not prospered partly due to the reduced size of the market – which means that the number of participants per economic branch would likely be too small to make the long term viability of such platforms sustainable. Another collective action proposal has been that of developing networks of proactive business associations linked with the NAC; however, lack of trust in this institution and lack of interest on the part of the same have hampered any results.

Direct support and dissemination of actionable tools. Another recommendation category has been to encourage business associations to provide legal assistance to their members. In this regard, the Alliance of Small and Medium Enterprises (AIM) is, according to a small entrepreneur, considered to be effective as it provides services, such as legal and accounting advice, that are responsive to the actual needs of SMEs (Int. 2604.03). However, the reduced number of AIM members means that such

services are not widely available. AIM shared that they encounter the same problems with engaging and mobilising SMEs as described in the sections above. Therefore, as positive as these services are, their reach remains quite limited.

Civil society organisations such as Zona Zero provide tools such as the Guide for businesses on dealing with controls and fighting abuse. Similarly, the Center for International Private Enterprise (CIPE) is conducting projects looking at business advocacy, public-private dialogue and developing compliance toolkits tailored specially for the needs of SMEs in Moldova.

The introduction of a Business Ombudsman is a concept that has been discussed extensively, and attempts made to implement it have been unsuccessful so far. A new attempt based on the Ukraine Businessman Ombudsman model is being discussed and supported by the European Bank for Reconstruction and Development (EBRD). In most interviews with business associations, AmCham, AMFA, and AIM all reported that members reached out for support in relation to unfair or corrupt business practices, which, given the role of the associations, they could only hand over to the already existing and not well-functioning complaints mechanisms at the government level. Overall, there seems to be a need for a fast and independent resolution mechanism for businesses, in particular SMEs, who have less representation and financial capacity for lengthy legal proceedings in the courts. But there is some concern about the governance structure of the Business Ombudsman and the necessity to be a true multistakeholder approach and not a government-owned tool. (Int. 0405.03). Nonetheless, some of the interviewed entrepreneurs feel that installing an Ombudsman could be a welcome development in Moldova (Int. 0205.02).

Awareness raising, education and capacity building of business are activities that have been proposed and partially implemented by the NAC. However, the impact of awareness-raising activities is unlikely to be significant when the information disseminated is about the need to report corruption and the importance of adopting compliance measures, given the functional role that bribery plays among SMEs in Moldova. Rather, these kinds of activities are more likely than not to backfire because of corruption fatigue, as suggested by recent research (Peiffer and Cheeseman, 2023).

3 Political and Social Constraints to Anti-Corruption Reform

3.1 Political economy of anti-corruption

The years following the demise of Vladimir Voronin's regime in 2009 have been characterised by several authors by the term "state capture" (Moisé, 2021: 2; Marandici, 2021), which enabled practices of tailor-made laws to the advantage of politicians' private interests. For instance, the state

capture facilitated the informal practice of 'vzyatkoemkost', meaning the "potential of a piece of legislation to create opportunities for bribery' (Moisé, 2021: 7).

Unfortunately, anti-corruption reforms also contributed to this pattern. Baltag and Burmester (2022) have described how Moldovan elites used the anti-corruption rhetoric as a front, adopting laws and reforms enthusiastically without the intent to implement them, but rather as a façade vis-a-vis external (notably the EU) and internal actors.

The coming to power of the current government and the actual moment in the Moldovan political economy must be framed against this backdrop. The current situation can be characterised as one where the stated political will to enforce an anticorruption agenda forcefully still needs to deliver compelling results.

On the one hand, across the board in all interviews, the government is believed to be credible in its commitment to reform. It has set a high bar and raised expectations about what will be achieved regarding anti-corruption gains. The problems that red tape and inspections generate for SMEs are well-known and highly placed in the reform agenda of the government. The Minister of Economy was considered a champion in this domain across all interviewees' opinions. The State Chancellor is driving the inspections reform. The National Bank is also considered a champion (Int. 2704.02). The Ministry of Labour was also considered to be doing a good job at improving how labour inspections are carried out (Int. 0205.02). The Economic Council has developed a roadmap to regulatory reform which addresses the key issues outlined in section 2.1 above as critical for SMEs.

On the other hand, change is considered to be too slow. Impatience is growing, as are the disappointment and scepticism vis-a-vis the government. According to one interviewee who works in a programme with municipal authorities, this replicates at the local level – municipalities expected more responsiveness from the central government to their challenges than they have received (Int. 2704.01).

The dilemma is not unique to Moldova but rather common across many countries attempting to make strides in the fight against corruption. The tension between stated intentions and observed results in addressing corruption in contexts where it has been an essential element of the governance system is always plagued with ambivalence (Ledeneva ref). The questioning always lingers as to whether the lack of impact is due to, for instance, inefficiencies, lack of competencies, resource scarcity – or whether there is an ulterior agenda behind, where anti-corruption measures play the role of Potemkin Villages of sorts that display a palatable façade behind which corruption can continue undisturbed.

This ambivalence of meanings can be illustrated with reference to some of the measures adopted in Moldova with a view to the EU ascension. An interviewee recounted that there is little discussion on how to tailor EU laws and standards to the Moldovan reality. Not only is copy-pasting of EU legislation sometimes occurring but often it results in what this informant called "gold plating", meaning that

laws going even beyond the EU requirements are adopted, presumably to hyper-demonstrate commitment (Int.0205.01). Other interviewees agreed that there is a sense of urgency in that anything with an EU label has to be passed quickly, and that the government is afraid to ask for exemptions or derogation of specific clauses or requirements (such as has been done in other EU member countries). The stringency of the laws adopted makes them, in turn, challenging to implement (Int. 0405.02), which renders the effort almost self-defeating. These issues strongly echo what Baltag and Burmester (2022) recount as a strategy utilised by oligarchs to enact a camouflage (Baez Camargo and Ledeneva, 2017): hiding corrupt practices behind a façade of anti-corruption commitments that involve the “translation of EU templates into law without adaptation to the local context” (Baltag and Burmester, 2022).

Based on the above, one of the key lines of inquiry for the research was to disentangle why change appears to be so difficult to bring about, despite having a credible reformist government with the political will to fight corruption. There is no simple, straightforward answer to this question, but the insights from the research provide several elements of what is most likely a multidimensional explanation.

One explanation suggests that top government officials, although committed and well-intentioned, lack experience, competencies and strategic outlook. On the latter point, for example, one interviewee considered that the ruling party had put too much priority on justice reform, which has proven incredibly complicated (Int. 0205.01). Whether this is a lack of strategic perspective is dubious because impunity is an essential hurdle to be addressed, one for which judicial reform is at the centre. A small entrepreneur respondent directly linked the unwillingness to join any initiative that would be in any way aimed at denouncing corruption to the lack of effectiveness of the judiciary; it seems unlikely anything will change, even if corruption charges were brought forward, proven, and negative repercussions were probable. However, although judiciary reform might be one of the most relevant centrepieces for anti-corruption reform, it might not be the one most feasible to tackle in a short-term horizon.

Although this kind of explanation may contain some truth, it does not account for other formidable constraints that even the most reform-minded government must grapple with. A clear and immediately obvious source for the constraints is the human resources crisis in the public sector. The interview information clearly points to a situation where there are very limited incentives for qualified staff to work in the public sector, and as a result, many vacancies remain unfilled.

As mentioned above, another source of constraints is the rigidity and aversion to change, which remains embedded in the bureaucracy. Additionally, there are considerations of interinstitutional rivalries and territoriality, whereby different influential government actors appear to embody and defend particular agendas that are not necessarily compatible with each other or with the overarching goals of the government. One interviewee working closely with the government observed that

ministries are very protective; they don't like changes and have narrow objectives and "they fight every effort" at reform (Int. 0205.01). For instance, although some advancements have been made in digitalising services for SMEs (as alluded to in section 3.2 above), the proposals for "contactless business" are reported to have been strongly opposed by the Ministry of Justice. Overall, this perception of a general pushback against reforms is shared by other high-ranking government officials who are involved in developing deregulation packages (Int. 0405.02).

The institutional architecture naturally determines (at least formally) the distribution of power and influence. One salient example of this is the structure for passing laws whereby when a law is drafted (the vast majority being drafted by the executive) it goes to all ministries – but the Ministry of Finance, in particular, has veto power. According to one respondent, the Ministry of Finance lacks political will and has very short-term horizons for decision making (Int. 0205.02). In turn, the Minister of Economy, widely considered a champion, is considered to be less powerful than the Minister of Finance. At issue are the budgetary implications of any reform, and the Ministry of Finance is believed to be very reluctant to changes due to fear of decreasing government revenues. For example, the Economic Council proposed reforms to simplify the tax regime for SMEs, yet this was not welcomed by the Ministry of Finance (Int. 0205.01).

A constructive approach to address revenue-related concerns would be to put a price tag on reform packages to clarify how much money could be generated (for example, in additional revenues) or, conversely, how much inefficiencies and corruption cost. This is a strategy being pursued by the Economic Council in its process to develop reform packages. The new Minister of Finance (in office since February 2023) might bring fresh air and a more business-friendly perspective into the Ministry as she was prior at the American Chamber of Commerce as Deputy Director of Advocacy and Business Development.

Despite these challenges, there are at least some examples of how reforms can be fruitfully and collectively negotiated. An interviewee gave the example of the limited liability company law reform as a success in the sense that it was agreed upon through a constructive process, very legal and based on achieving technical consensus. Whenever an issue arose, lawyers would be available to work on it. From this perspective, resources and technical workforce could go a lot way in solving the stalemate of several legal amendments because the concerned duty-bearers lack the technical capabilities to sort out the issues themselves. This suggests the desirability of promoting work on reforms with medium-level technical people to get more bottom-up, interagency agreed-upon drafts to the respective Ministers and heads of agencies.

A related issue that is substantial enough to be considered on its own is the challenge of getting the bureaucratic mass to support and implement the reforms. This happens at all levels, according to the interview data. For example, regarding middle and low-level bureaucracy, efforts to simplify the inspections are meeting with massive resistance from the inspecting bodies, according to one

implementer (Int. 2704.02). Another example given by an interviewee from the development partners sphere relates to the simplification of requirements for obtaining business permits. Previously, a considerable number were required, and now it is down to about 16; the forms have also been simplified. However, change is very slow to trickle down and reports from the field suggest many inspectors are still acting in rather predatory style, which promotes bribery (Int. 2604.02).

Overall, the discrepancy between the ambitious anti-corruption-related goals of the government and the perceived progress is a source of concern in and of itself. The interviews indicated a worrisome low trust in the state and lack of trust among local and central government (Int. 0305.01). In this regard, a core concern is that the reformist government, with dwindling credibility, is not guaranteed will stay in power long enough to consolidate needed reforms. In fact, as the pace of reforms is slow, there is the possibility that groups associated with the previous oligarchic governments will return to power. If this scenario were to materialise, there is the risk that anti-oligarch laws, or anti-corruption reforms based on a punitive approach, could backfire (Int.2504.01).

3.2 Social norms and behavioural elements of corruption and anti-corruption

Responses to the IDIS “Viitoriu” survey suggest a social norms component might be associated with bribery. This is reflected in the fact that most people believe corruption is the norm, with 69.2 per cent of surveyed entrepreneurs reporting the perception that bribery is widely spread in the Moldovan business community (IDIS “Viitoriu et al. 2018). This does not conform to the actual reported experiences with corruption, which are much lower. For instance, when asked how they solve their problems, 72% of respondents in the same survey asserted they had never encountered corruption. The fact that one-third of the bribery reported in the IDIS “Viitoriu” et al. (2018) survey is proactively given by entrepreneurs is further telling of a possible underlying descriptive social norm that dictates that one needs to give a bribe to navigate interactions with the public sector (“this is the way to go” - Ibid).

This is also true in other sectors, as pointed out by a respondent who mentioned that in the case of health, half of the respondents to a survey believe doctors are corrupt. In reality, the incidence of bribery in the health sector is 9% (Int. 0405.03).

The prevalence of a descriptive social norm about bribery being the modal pattern in the interactions between SMEs and the public sector is also alluded to in the study of Moldovan state capture by Longhurst (2020: 89), who stated that “the overlay of state capture meant that corrupt practices became a collective phenomenon, i.e. ‘everyone is doing it so why shouldn’t I?’”.

Although the exchange of bribes is instrumental and driven by the perception of a descriptive norm, it also can be permeated with additional social meaning. One interviewee referred to Moldova as a “country of the brother-in-law” (Int 2504.01), where economies of favours abound and are essential to get things done. Another interviewee from the development partners’ sphere similarly considered

that, in the countryside, SMEs can confound corruption and reciprocity (Int. 2604.02). This is reflected in the results from the IDIS “Viitoriu et al. (2018) study, which found that “friendly” relations are established through voluntary payments (or instrumental bribery) because this may help you in the future, similar to what Baez Camargo et al. (2022) have found applies in other contexts where bribery is a tool to build informal networks that have problem-solving functions.

The IDIS “Viitoriu” (2018) study further found that, in Moldovan firms, those employees that are seen as most valuable are those who can “solve problems”; they have better status. This finding can be understood in that individuals with better personal relations (networks) connecting them to “useful friends” in the public sector might be more highly regarded than those who simply play by the rules. In some of the studies dealing with social norms and behavioural drivers of corruption, one central finding is that social status is a very powerful determinant of behaviour and that, frequently, issues to do with respectability and reputation might be more powerful incentives to adopt certain behaviours than financial or other types of material incentives (see Baez Camargo 2017).

The research explored another aspect of sociality driving corruption, which refers to informal and unequal relationships, following the figures of a godparent and a godchild, linked to a prevalent Moldovan custom of creating long-lasting client-patron relationships. This pattern is called Cumătrism, which predates the modern state of Moldova and is, according to Khan (2022:3), “an entrenched part of culture”. However, in the interviews, both implementers and entrepreneurs, stated that the role of Cumătrism is exaggerated and, while in the past might have been more the norm, it no longer is such (Int. 2604.01) (Int. 27054.02).

Another insight related to behavioural factors impacting anti-corruption outcomes is that it appears that among Moldovan SMEs the convening of participatory networks is not an interesting idea. Thus, a conventional collective action approach would, in all likelihood, be received with low engagement.

When presented with the perspective of building a network of business people to provide reciprocal support on different issues, one respondent immediately rejected the idea in the following terms:

“I would not associate to act against the public sector, but also not for purposes of capacity building or any mechanism of reciprocal support. We like to operate for ourselves. As a small entrepreneur you are on your own, and for that reason, you do not need to connect to others to get things done.” (Int. 2604.01)

Two other entrepreneurs (one of them also in a leadership position in an SME association) reacted similarly and commented that the culture reinforces the idea of not being too open; otherwise, others will steal your secrets (Int. 2604.03) (Int. 02025.02). Furthermore, an implementer shared that there is indeed a lot of jealousy and lack of trust, which translates into no appetite for collaboration among citizens and entrepreneurs. As another interviewee put it: “If a neighbour is successful, one spends energy to bring him/her down. It is a zero-sum mentality” (Int. 0305.01). A respondent from the

development partners' sphere further remarked that this mistrust and aversion to collaboration also characterizes the CSO space (Int. 0405.01).

These findings are in line with what is mentioned in the BTI report 2022, which states:

“In general, Moldovans are rather reluctant to engage in collective action. This is inherited from the Soviet period when social cooperation was politicized and hence discredited. Other factors include a general lack of trust in the democratic system, rule of law or even compatriots. Social solidarity in Moldova is rather low.” (BTI, 2022: 16)

Interestingly, despite the high levels of mistrust, there seems to also be a predisposition against formal controls, especially at the local level. One interviewee recounted how, in one local governance project, the local stakeholders did not accept the due diligence in local public procurements. The feeling was that the four-eye principle would suggest that people were under suspicion and that was not well taken socially. Furthermore, the manager of that project reflected that being checked is considered embarrassing. It was a mechanism brought in by a donor-funded intervention, so the perceived message might have been that Moldovans are seen as hopelessly corrupt (Int. 0305.01).

Other considerations from the research involve the role of certain mental models in fuelling corruption and hindering anti-corruption. One such mental model is that dealing with the state is onerous and public officials will have a punitive stance vis-à-vis entrepreneurs; only trouble will come from interacting with the state and its representatives. Following this idea, it is, therefore, better to do everything to minimise contact with the state, even when that includes bribing one's way out of bureaucracy and inspections. It is important to note that this can also affect the impact of government reforms. A lawyer who was consulted for this assignment referred to the example of the digitalisation of legal services such as apostilles. She recalls that SME clients reach out to ask her to do the procedure on their behalf, without even trying themselves, because there is a preconception that the state services will be problematic and that the best way to deal with such things is through a lawyer (Int. 0405.03).

There is also a narrative that the government is unable to change much. This mental model or prejudice might be obscuring some of the success stories. An interesting example of that is customs, which many interviewees named one of the hotbeds of corruption. However, one interviewee who has experience working directly with customs shared a significantly different narrative, one where customs as an agency is acting proactively to reach out to SMEs to get them interested in becoming authorised economic operators, organising questions and answers sessions and requesting more outreach and communications with local communities in preparation for the implementation of the new Customs Code (Int. 2704.02).

4 Final remarks

4.1 Gaps between initiatives and observed corruption challenges

Anti-corruption elements are mostly not contemplated in donor programs in the economic sphere providing financial and other support to SMEs (Int. 2504.02) (Int. 2604.02). This is one area where measures could be adopted in a relatively straightforward manner. Since there is great interest on the part of SMEs in accessing credits and capacity building, incorporating some compliance-related conditionality could be impactful.

Those most at risk are SMEs that are semi-informal or completely informal. The research suggests that those who are fully compliant are less targeted by punitive inspections and able to defend themselves against abuse (especially because being compliant for the most part entails having solved the problem of acquiring the necessary information on applicable rules and regulations). Thus, helping SMEs to become compliant should be one of the main avenues to promote better anti-corruption outcomes. A challenge is that this main target group for developing interventions also represents those who are least likely to belong to business associations. Therefore, it is important to develop incentive-based and problem-solving approaches to attract their interest.

It is encouraging that there are many initiatives spearheaded by the government that seek to address the challenges identified to affecting SMEs at the grassroots, namely red tape and punitive inspections. Several interviewees considered that there is a lack of good strategic communications on anti-corruption on the part of the government. Generally, there is a lack of effective communication between state and small businesses. Small entrepreneurs find it practically impossible to stay informed about ongoing reforms, legal amendments, and opportunities to access grants and other forms of support (Int. 2604.01). This means that cutting down on red tape is not sufficient. Better communicating changes and what they mean for SMEs is crucial. Otherwise, bribery might persist due to a lack of understanding fuelled by mental models reinforcing the perception that, when dealing with the state, the best way is to avoid problems by giving a bribe.

Another challenge with some of the existing initiatives, especially those considering Collective Action activities disregard the lack of appetite for such initiatives among Moldovan SMEs. And that links to an associated issue which is that very few initiatives are functional and problem-solving. AIM is one of the few stakeholders that offers actionable services that are of interest to SMEs. The Economic Council is also interested in moving in that direction. However, a more broad ranging, concerted effort is still necessary.

Another challenge is that several of the initiatives are developing or proposing reforms without regard to the actual constraints faced by the Moldovan government and its limited capacity to negotiate and implement reforms. Some measures to start addressing organisational culture change in the

Moldovan public sector seem to be badly needed. Otherwise, simply working on the side of SMEs is unlikely to yield truly transformative results.

4.2 Implications

In most markets, SMEs are perceived to be particularly vulnerable to unfair business practices and pressures. Coming together to collaborate and strengthen the position of SMEs is typically attractive and positively received; however, lack of capacity, financially and otherwise, is a hurdle in most contexts for SMEs.

It is interesting to see that this is not the case in Moldova. The interviews have uncovered an unusual challenge for these types of initiatives; multiple companies and business associations have cited that companies are not interested and will not collaborate and share their experiences due to a lack of trust among each other and the fear of other businesses, for instance, stealing their ideas and/or business models.

The above notwithstanding, the findings from the research suggest that the APP is timely. The context is dynamic and fluid and there are opportunities to tackle identified gaps and engage with different stakeholder groups meaningfully. Collective Action is about identifying business drivers that can be aligned with addressing anti-corruption or corruption-related risks, such as bribery, anti-competitive business practices, and ease of doing business with the aim to identify win-win opportunities for all parties involved.

The lack of interest of Moldovan SMEs in collective action is a pertinent reminder of the mantra that anti-corruption must be tailored to each context. In particular, the research findings squarely shift the locus of the action and the innovation potential to other actors that have the means and resources to develop solutions to attract the attention and energies of SMEs. The recommendations emanating of this assessment truly, then should follow the notion that, to be effective, anti-corruption must put forth a compelling business case, one where following anti-corruption prescriptions is easy, functional and as risk free as possible.

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Interviewee profiles and key

	Sector	Code
1	Government	2504.01
2	Development Partners	2504.02
3	Small (micro)-entrepreneur	2604.01
4	Development partners	2604.02
5	Small entrepreneur	2604.03
6	Implementers	2704.01
7	Implementers	2704.02
8	Development partners	2704.03
9	Development partners	2804.01
10	Small entrepreneur	2804.02
11	Government	0205.01
12	Business sector/small entrepreneur	0205.02
13	Government	0205.03
14	Civil society	0205.04
15	Implementer	0305.01
16	Business sector	0305.02

17	Business sector	0305.03
18	Implementer	0305.04
19	Development partners	0405.01
20	Government	0405.02
21	Business sector	0405.03
22	Implementer	0405.04
23	Implementer	0505.01

Annex 2: Case study: The Ukraine Business Ombudsman Council

The [Ukraine Business Ombudsman Council](#) is set up to be **the first point of contact for companies seeking redress against unfair treatment vis-à-vis public authorities**. It aims to operate as an innovative tool enabling businesses to seek an access to justice in a pre-trial manner, thus increasing business transparency and trust in public institutions, and is seen as a key instrument towards improving the investment climate.

The BOC was developed as a result of multi-stakeholder discussions led by the European Bank for Reconstruction and Development (EBRD) over several years that aimed to take into consideration all relevant stakeholders and reflect the realities of the business context. This ultimately led to the setting up of the BOC as an independent multi-stakeholder mechanism, set up as a consulting advisory body, to reduce the risk of political interference and to employ an inclusive approach to its governance structure to build trust with the private sector. The participation of the Cabinet of Ministers as a member of the BOC's multi-stakeholder Supervisory Board does, however, ensure high-level government buy-in as an important element to increase the chances of uptake of recommendations to resolving complaints made through the Council (individual recommendations) or set forth in the Council's topical systemic reports (systemic recommendations).

Structure and set-up of the BOC:

The work of the BOC is overseen by a **Supervisory Board** which brings together all critical stakeholders to reduce risk of political interference of investigations while also ensuring buy-in from the private sector and high-level government. The Board includes representatives from the largest **business associations** (local and foreign), representation from the **Cabinet of Ministers** and **the international partners/organizations (EBRD and OECD)**.

The day-to-day work of the BOC is headed by the **Business Ombudsman** who has two deputies and is supported by a team of investigators.

The BOC is funded through a multi-donor account established by the EBRD and has an annual budget of between **1.5 - 2.0 million Euros**.

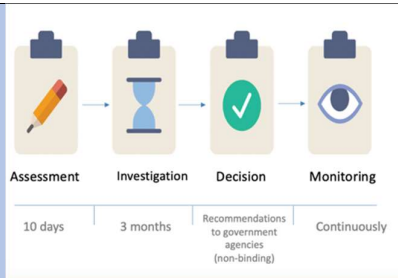
The BOC works to:

- 1. Investigate instances of business malpractices specified in complaints lodged by businesses, issue individual recommendations and monitor implementation:**
This includes requesting and receive information necessary to process complaints challenging actions, inactions or decisions of public authorities and submitting recommendations on how to address the respective malpractices.
- 2. Issue systemic recommendation** aimed at improving business climate as a whole.
- 3. make sanitized information and reports publicly available** on the complaints made

Complaints can be made by any **company representative (natural person) or legal entity** against a:

- (a) Public authority (including law enforcers)**
- (b) State Owned Enterprises**
- (c) Local municipalities**

In order for a complaint to be eligible, it needs to be made against a **public entity**; no private-to-private disputes are investigated; it needs to concern a situation that has not yet been litigated, and the incident has to have taken no longer than one year prior to filing the complaint. The complainant is also expected to demonstrate that some reasonable steps have been taken to address the issues prior to filing a complaint with the BOC (i.e., the letter has been sent or meeting initiated).



Complaints process/timeline

The commitment to respond with an initial assessment of the admissibility of a complaint within 10 days and investigate within 3 months responds to the need of companies for faster and less bureaucratic processes that reflect the dynamic and fast-paced business environment.

Complaints resolution

Once a decision has been reached by the BOC, the respective recommendation(-s) are communicated to both the relevant public institutions and the complainant. The Council is not vested with any binding authority and does not have any enforcement powers.

Several Memoranda of Partnership and Cooperation were signed with different governmental institutions and law enforcers to facilitate the dialogue with public administration and the establishment of a direct communication channel to discuss complaints and find solutions. The BOC also monitors and reviews the uptake of the recommendations made and publishes their findings in quarterly and annual operational reports.

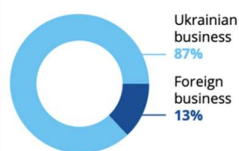
The BOC's long-standing relationship with the media is key to exercise its leverage to exert external pressure and accountability of government institutions to implement systemic recommendations made by the BOC.

Impact of the BOC

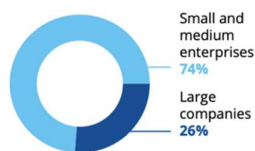
By the end of 2021, which is the last report prior to the war in Ukraine, the BOC had increased its number of complaints four times since its inception to **2182 alleged instances of business malpractice** in 2021.

The number reported also shows that it is actually local SMEs that make up the majority (74%) of the users of the BOC. This is interesting, despite initial erroneous preconception that the BOC was allegedly geared more towards international companies entering the market to increase foreign direct investment flowing into Ukraine.

Origin of investment



Size of business



Annual BOC report 2021

Over **95%** of complainants record to be satisfied with how their complaints were handled by the BOC and the vast majority of individual recommendations of the BOC were implemented (**86% out of almost 3,000 complaints made**, this is a significant achievement given the lack of actual enforcement powers. Choosing to develop the Council through a collaborative multistakeholder approach seems to have helped to ensure broad support and trust in the processes and enabled the significant impact on the business environment highlighted above. This underscores the success of the inception stage when the BOC’s reputational leverage has relied on its multi-stakeholder set-up and by incorporating principles of independence, impartiality and confidentiality into the core of its investigatory activities.

The direct financial impact of its operations for businesses since its inception in 2017 is estimated to exceed 50 million USD.

Annex 4: Examples – possible measures to integrate in economic development projects/programmes

	<i>In some cases the measures could target several groups</i>	
Measures to be integrated	Support to SMEs, business associations etc.	Support to Public Institutions, business associations etc.
Integrity <i>Discouraging fraud and encouraging” doing the right thing”</i>	Development, adoption and/or enforcement of Corruption policy, Code of conduct, corporate business code or similar. Adoption of internal ethics systems; creation of a compliance subdivision;	Promotion of integrity and changes in the organisational culture of the public institutions. Incorporating a compliance module to other trainings for public officials.

	<p>designating an employee as an ethics officer etc.</p> <p>Adoption of the ISO 37001 standard or other national/local anti-corruption certifications.</p> <p>Increasing the knowledge on anti-corruption compliance, legislation, rights etc; providing tools that help organisations be compliant such as IntegrityApp or Transparency International's Integrity Clubs</p> <p>Develop financial opportunities for compliant SMEs (incentive-based).</p> <p>Incorporating a compliance module to other trainings.</p>	<p>Integrating a self-assessment functionality for example, into the BizRadar app that the Economic Council has developed.</p> <p>Supporting the internal audit and inspection (the integrity functions) of the relevant ministry.</p>
<p>Accountability <i> Holding people responsible for their actions</i></p>	<p>Engaging SMEs in collective action initiatives.</p> <p>Developing checklists that entrepreneurs can have at hand when visited by inspectors.</p> <p>Providing SMEs with legal and accounting advices, toolkits.</p> <p>Providing SMEs with tools such as the “Guide for businesses on dealing with controls and fighting abuse” (see Zona Zeros work for inspiration)</p> <p>Request that it is assured that reforms that are publicised and showcased really work.</p> <p>Encouraging the use of the Business Ombudsman function (when/if set up) and reporting of suspected corruption cases.</p>	<p>Communication campaigns about the positive side of compliance and reference to the EU ascension process (incl tools that make it easier to be compliant).</p> <p>Suggested topics for campaign:</p> <ul style="list-style-type: none"> - why stepping out of informality is indispensable for business to grow? - what are the risks to non-compliant businesses vis-à-vis EU ascension? - why businesses that remain in the informal economy are unable to transact with others who have formalised? <p>Integrate anti-corruption or integrity-building provisions in financial or technical support to SMEs (=compliance conditionality, make sure to align requirements with other players).</p> <p>Introduce complaint and feedback mechanism using digital technology.</p> <p>Setting up a Business Ombudsman function.</p>
<p>Transparency</p>	<p>Beneficial Ownership register to help avoid e.g. conflicts of interest in procurements or licensing decisions.</p>	<p>Information sharing about new digital services for businesses; change the</p>

<p><i>Increasing visibility of decisions and transactions</i></p>	<p>Clarify internal policies about how employees should respond to demands for bribes.</p>	<p>narrative – inform about the positive steps taken to combat corruption.</p> <p>Develop a public campaign that emphasises that bribery is not inevitable for Moldovan SMEs.</p> <p>Communicating the success stories.</p>
<p>Participation <i>Involving more stakeholders in combatting corruption</i></p>	<p>Private companies come together to lobby for changes in corruption prone procedures.</p> <p>Organizing public-private dialogue (see CIPE).</p> <p>Business advocacy (see CIPE).</p>	<p>Consultation and user-testing with SMEs and business associations in the development of new procedures.</p>

Annex 4:

Typology of anti-corruption recommendations and interventions for the SME sector from the last decade

Moldova. Victoria Popa. Centre for Analysis and Prevention of Corruption

General conclusions/ cross cutting analysis:

Policy development and practice

The mapping of the anti-corruption recommendations and interventions for the SME sector from the last decade from Moldova showcases an increased interest by external development partners of Moldova and local CSO organizations in developing and promoting new anti-corruption solutions. The approach has emphasized increasing responsibilities and commitments for the local stakeholders (public authorities, anti-corruption agencies, Government, Electronic Services Agency) towards promoting, supporting and implementing anti-corruption policy elements in the business sector. On the other hand, the businesses have been involved more passively, without major responsibilities for the business community, considering the current state of play and based on the novelty of the policy approach.

Following the [National Integrity System Assessment by Transparency International Moldova in 2014](#), which presented in a comprehensive manner the state of play of the private sector entities in matter of transparency, independence, accountability, integrity, commitment/involvement in anti-corruption policies, a set of recommendations for building integrity inside the private sector, but also nation-wide were launched.

The report also pointed out on the potential risk sources posed by the lack of transparency in the process of privatization of the state enterprises, with the example of the Chisinau Airport concession and problem of reducing the share of state capital in the Banca de Economii, which by the end of the year was revealed that was under a raider attack. Only since 2015, following the major fraud scandal in Moldova's banking sector called "1 billion euro theft", the stakeholders oriented their integrity climate strengthening efforts towards the private sector, as a source of major financial crimes impacting on the national welfare and budgetary system.

The first formal step towards implementing integrity standards in the private sector was made by the legislators through the adoption of the Integrity Law no. 82 of 2017, which introduced measures to ensure integrity of the private sector in relations with the public sector through: compliance with public procurement procedures, compliance with the advertising limitations of public agents, compliance with the restrictions and limitations of former public agents. The responsibility for building the integrity climate in the business environment relations with the public sector belongs to the management of the private entities and the failure to implement effective measures leads to compromising the integrity climate in the public and private sectors, to the emergence of corruption

acts, affecting the public interest and leads to the liability according to the criminal, misdemeanor, disciplinary or civil cases of the organizations.

The need for development of ethics codes in the private sector, which contain principles and rules of conduct in business, has been raised both by Government, CSO's and development partners, due to higher understanding that business ethics is not limited to the interests of a private company, but also of business partners, consumers, society as a whole. Business ethics became one of the priorities of the Private sector Pillar within the National Integrity and Anti-corruption Strategy for 2017-2023 and different initiatives of the development support agencies and partners contributed to increased awareness and acknowledgement, including the development of a mechanism for applying the Corporate Governance Code in joint-stock companies, dissemination of a model Ethics Code for small and medium-sized enterprises and its recommendation for application and encouraging the participation of business representatives in monitoring of anti-corruption policies.

Implementation:

According to the mapping of the anti-corruption recommendations and interventions for the SME sector from the last decade in Moldova, a number of 36 recommendations have been formulated by various analyses of the compliance with the international and national anti-corruption standards of the private sector and by sectorial or local corruption risk assessments influencing on the SME sector. 42% of the recommendations have not been implemented at all, 47% of recommendations have been implemented partially/ to some limited extent and only 11% are considered to be implemented.

The main reasons for the poor implementation of the anti-corruption recommendations are various. Starting with technical issues such as the *lack of a designated public entity responsible for promoting integrity within the private sector, limited financial assurance* relying only on external development partners and projects, *lack of political will and stability* towards ensuring effective implementation and impact of the sectorial anti-corruption policies, the technical aspects already provide a consistent list of reasons for the lack of progress. Also, more complex issues such as the *inconsistent public control and monitoring on the state of play of the private sector entities in matter of transparency, independence, accountability, integrity, commitment/involvement in anti-corruption policies, and lack of complementary approaches by different actors towards enforcing integrity compliance in the SME's* has also reduced considerably any potential progress.

Another drawback for the limited progress are the general experiences, perceptions and attitude of the entrepreneurs. According to [National Integrity and Anti-corruption Strategy 2017-2020 Impact Monitoring Survey - 2021](#) edition, the share of businesses stating that their operations are not at all affected by political interests decreased from 51%/2017 to 46%/2021 and the share of businesses that state they have not encountered with any corrupt practices in their interaction with public officials increased from 53% to 58%. These data provide a consistent motivation for the limited involvement of businesses in building integrity. Almost half (42%) of the entrepreneurs have encountered corrupt practices during their activity and more than a half (54%) state that their daily operations are affected by political interests. Here a more detailed psychological analysis of the demotivation impact of experiencing the negative implications of the corruption phenomena would describe the behavioral mechanism functioning.

The demotivation impact is being multiplied by the general perception of the society in Moldova, which regardless of a 53-95% *intolerance level towards corruption*, considers that three main reasons contributing to corruption spreading are related to *impunity of officials*, whereas there is *no*

punishment for doers of corrupt acts (57%), lack of confiscation of personal wealth obtained by way of corrupt acts (50%) and lenient penalties (44%). The next reason after impunity is the *mentality of solicitation and giving of bribes*, whereas 43% of the population considers this as the reason for involvement in corruption. On the other hand, the opinion prevailing among businesses is that the main reason is *the mentality of solicitation and giving of bribes (47%)*, followed by lack of confiscation of personal wealth obtained through corruption.

The reasoning for the above-mentioned rating on the main reasons for corruption in Moldova, has political implications. Since the creation of the anti-corruption national authority (NAC), the political independence of this institution has been a constant subject for debates. A recent and suggestive case is that in 2021 the contest for the NAC director was excluded, following the scandals related to rigging the contest by governing political parties. Abandoning the competition procedures and appointment by the Parliament of high-level anti-corruption officials again affects the credibility of the fight against corruption, of the manager, but also of the institution, being criticized, first of all, because it is contrary to international anti-corruption standards, in the sense of art. 7 of the Convention of the United Nations Organization against corruption.

Looking forward

The most promising reforms impacting on the SME's integrity compliance are certainly connected to the implementation of the EU recommendations for Moldova in the process of examination of the candidacy to EU membership. Structural investments are expected in the public sector, good governance and economy. Therefore, the financial component could speed up certain reform processes, serving as a strong incentive for anti-corruption compliance in the private sector, aiming at reducing the fraud risk of external funds. It is vital for the emerging reform programs to be deeply anchored in the existing situation of the sector concerned.

For SME's anti-corruption compliance it is needed to build an intervention system, involving the national stakeholders with clear responsibilities and expected contribution to the well-functioning of the policy programme. The interest and motivation of the development partners towards strengthening the integrity of the funds' beneficiaries is noteworthy as a factor contributing to the success of such initiative. On the grounds of the support for rule of law, good governance and anti-corruption offered continuously, having a cross-cutting integrated model of anti-corruption compliance build in the SME's support programmes would highly contribute to increasing the effectiveness and impact of the implemented projects.

The mapping of the recommendations shows that none of them has involved an integrated approach to contribute to it's success. It is difficult to mobilize efforts and interventions around the belief that this will contribute, in the future, for better functioning of the national systems.

And it is obvious that offering an immediate result or benefit (such as accessing a support programme) would motivate the beneficiaries, in our case the SME's to comply with the proposed norms. And only after successful examples emerge, it would be suitable to build a convincing collective action platform, which would continue the dialogue with the national stakeholders, pleading for integrity, disclosing corruption risks and schemes and defending their rights.

State of evidence

INTERVENTION TYPES	Specific Recommendations	Made by whom, when and in what report	Who is/ are responsible for implementing	Has it been implemented
<p><i>Rule-changing strategies</i> focus on changing formal rules and institutions, such as specific anti-corruption laws and regulations, or establishing legal standards.</p>	<p>1. Building integrity and internal control management systems within the private sector</p>	<p>Integrity Law 82/2017⁶</p> <p>Assessment Report On the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva⁷</p>	<p>Businesses</p>	<p>NO. Based on NIAS implementation final assessment, the internal anti-bribery systems in private sector haven't been enforced.</p>
	<p>2. Mitigating corruption risks and building integrity within the public sector's interaction with the private sector and observing the revolving-doors related restrictions</p>	<p>Integrity Law 82/2017⁸</p> <p>Assessment Report On the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva⁹</p>	<p>Public sector authorities. The failure to carry out the integrity measures may lead to compromising the integrity climate in the private sector and, as the case may be, in the public sector, to the appearance of corruption and to damages to the public interest.</p>	<p>PARTIALLY. The public sector entities have been involved in a large-scale compliance exercise with the provisions of the Integrity Law 82/2017 and Institutional Integrity Law 325/2014 by implementing 14 policies as part of the institutional integrity climate. The authorities have informed the National Anti-corruption Centre on a set of indicators</p>
	<p>3. E-governance</p>	<p>Combating Corruption in Moldova: What can business do?. Veaceslav IONIȚA, Viorel PÎRVAN, 2017¹⁰</p>	<p>Government, Electronic Services Agency, Public sector authorities</p>	<p>Partially. Although many services are on-line available for citizens, for businesses there are still a great part</p>

⁶ https://www.legis.md/cautare/getResults?doc_id=120706&lang=ro

⁷ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

⁸ https://www.legis.md/cautare/getResults?doc_id=120706&lang=ro

⁹ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

¹⁰ <http://viitorul.org/files/library/Raport%20Coruptie%20Biz%20rom.pdf>

INTERVENTION TYPES	Specific Recommendations	Made by whom, when and in what report	Who is/ are responsible for implementing	Has it been implemented
		Economic resilience in times of crisis. Business sector's concern for the management of the crisis effects. Ion BUTMALAI, 2022 ¹¹		of services that are provided offline exclusively or partly on-line, still requesting some interaction
	4. Business Ombudsman ¹²	Economic resilience in times of crisis. Business sector's concern for the management of the crisis effects. Ion BUTMALAI, 2022 ¹³	Government, Economic Council and donor community	This mechanism has already been promoted once in a less effective format in 2020, being foreseen an excessive ownership by the Government. In 2022, the EBRD granted assistance to conduct the need and cost assessment related to the institutionalization of the institution in 2023, with the donor community support.
	5. Reduce the regulatory burden for the SME's	Economic Council by the Prime Minister of the Republic of Moldova ¹⁴ , 2022 Combating Corruption in Moldova: What can business do?. Veaceslav IONIȚA, Violet PÎRVAN, 2017 ¹⁵ Economic resilience in times of crisis. Business sector's concern for the management of the crisis effects. Ion BUTMALAI, 2022 ¹⁶	The Prime Minister's Office takes the lead with the expertise provided by the Economic Council and with the acceptance of SME's Alliance. All public sector entities are responsible, especially those issuing permissive acts and for control.	The improvement of the regulatory system by introducing a burden assessment mechanisms for the regulators, such as M-TEST, which is a tool applied in Ukraine, but strongly encouraged by the

¹¹ https://drive.google.com/file/d/1AUCIXmgDt0Ho2tn6TCkvOre24AtXs8_P/view

¹² <https://consecn.gov.md/en/2022/11/08/the-creation-of-the-office-of-the-entrepreneurs-ombudsman-in-moldova-is-discussed/>

¹³ https://drive.google.com/file/d/1AUCIXmgDt0Ho2tn6TCkvOre24AtXs8_P/view

¹⁴ <https://consecn.gov.md/wp-content/uploads/2022/07/2022-Roadmap-on-reducing-the-regulatory-burden-for-Small-and-Medium-sized-Enterprises-SMEs.pdf>

¹⁵ <http://viitorul.org/files/library/Raport%20Coruptie%20Biz%20rom.pdf>

¹⁶ https://drive.google.com/file/d/1AUCIXmgDt0Ho2tn6TCkvOre24AtXs8_P/view

INTERVENTION TYPES	Specific Recommendations	Made by whom, when and in what report	Who is/ are responsible for implementing	Has it been implemented
<p><i>Investigation and prosecution strategies</i> focus on enforcing anti-corruption elements of the law, such as through audit institutions, the judiciary, and anti-corruption watchdogs.</p>	<p>1. Corruption and illegal/abusive practices reporting</p>	<p>Report on Mapping the Corruption Risks and Business Solutions for State Inspection in the Republic of Moldova, Veaceslav Ionita, Viorel Pirvan, 2018¹⁷</p> <p>National Integrity System Assessment by Transparency International Moldova in 2014</p>	<p>Businesses</p>	<p>Partially. Although the businesses have the right to do so and are often encouraged,</p>
	<p>2. Adoption of conciliation agreements of the companies that report internal corruption cases.</p>	<p>Assessment Report on the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Francesco Clementucci, Alexandru Savva, Chisinau, October 2016¹⁸.</p>	<p>Prosecution bodies and businesses</p>	<p>No</p>
<p><i>Transparency and whistleblowing strategies</i> focus on generating information that would otherwise be unavailable, using various mechanisms such as rules on public disclosure and right to information. Whistleblowing helps support insiders to reveal</p>	<p>1. Corruption and illegal/abusive practices reporting</p>	<p>Report on Mapping the Corruption Risks and Business Solutions for State Inspection in the Republic of Moldova, Veaceslav Ionita, Viorel Pirvan, 2018¹⁹</p> <p>National Integrity System Assessment by Transparency International Moldova in 2014</p>	<p>Businesses</p>	<p>No</p>
	<p>2. Increase the transparency of the business with the state and beneficial ownership</p>	<p>Assessment Report on the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Francesco Clementucci,</p>	<p>Businesses and public authorities which are performing public procurements, Public Procurements Agency, etc.</p>	<p>Partially.</p>

¹⁷ <http://viitorul.org/files/library/Raport%20de%20cartografiere%20fin.pdf>

¹⁸ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

¹⁹ <http://viitorul.org/files/library/Raport%20de%20cartografiere%20fin.pdf>

INTERVENTION TYPES	Specific Recommendations	Made by whom, when and in what report	Who is/ are responsible for implementing	Has it been implemented
information about activity within a private or public organization that is deemed corrupt.		Alexandru Savva, Chisinau, October 2016 ²⁰ Combating Corruption in Moldova: What can business do ?. Veaceslav IONIȚA, Viorel PÎRVAN ²¹		
	3. Protection of small and medium-sized enterprises that report corruption.	Assessment Report on the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Francesco Clementucci, Alexandru Savva, Chisinau, October 2016 ²²	Generally, business people may use three different routes to report acts of corruption: ling complaints through company internal procedures, approaching public agencies and using the media to publicize a case.	Limited
	3. One-stop-shop for reporting corruption acts.	Assessment Report on the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Francesco Clementucci, Alexandru Savva, Chisinau, October 2016 ²³ .	National anti-corruption agencies	Yes. 080055555 and the web-page which is less popular, trusted and used (7%).
<i>Integrity-based interventions</i> focus on encouraging more positive behaviour through training, coaching and	1. Implementation of ISO 37001:2016 and training by the business associations and Chambers of Commerce.	Report on Mapping the Corruption Risks and Business Solutions for State Inspection in the Republic of Moldova, Veaceslav Ionita, Viorel Pirvan, 2018 ²⁴	Business associations and Chambers of Commerce	Only initiated

²⁰ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

²¹ <http://viitorul.org/files/library/Raport%20Coruptie%20Biz%20rom.pdf>

²² <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

²³ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

²⁴ <http://viitorul.org/files/library/Raport%20de%20cartografiere%20fin.pdf>

INTERVENTION TYPES	Specific Recommendations	Made by whom, when and in what report	Who is/ are responsible for implementing	Has it been implemented
counselling for staff; codes of ethical conduct; integrity oaths and Supporting ethical leadership	4. Provide legal, fiscal and practical incentives for anti-corruption compliance in the private sector in the Republic of Moldova	<p>The Study on Legal, fiscal and practical incentives for anti-corruption compliance in the private sector in the Republic of Moldova. 2019. Costantino Grasso, Damien Romestant , Vitalie Moscalciuc²⁵</p> <p>Assessment Report On the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva²⁶.</p>	Government, Parliament, Ministry of Finance and business associations that should advocate for this.	No
	5. Adopt Code of conduct. Adherence of businesses to the Code of conduct.	<p>Assessment Report On the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva²⁷.</p> <p>National Integrity System Assessment by Transparency International Moldova in 2014</p>	Businesses – for implementation, NAC and business associations should promote it.	Promoted at few trainings and events by NAC with businesses

²⁵Technical Paper - Study on Legal, fiscal and practical incentives for anti-corruption compliance in the private sector in the Republic of Moldova. Combating Corruption through Rule of Law and Prevention/ Council of Europe in Moldova. (not available online)

²⁶ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

²⁷ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

INTERVENTION TYPES	Specific Recommendations	Made by whom, when and in what report	Who is/ are responsible for implementing	Has it been implemented
	6. Internal structures for ethics	Assessment Report on the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Francesco Clementucci, Alexandru Savva, Chisinau, October 2016 ²⁸	Businesses and business associations	No.
<i>Collective action strategies</i> involve actions taken by groups towards a collective purpose or goal, such as Business coalitions.	1. Collective action	Report "Combating Corruption in Moldova: What can business do ?". Veaceslav IONIȚA, Viorel PÎRVAN ²⁹ Assessment Report On the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva ³⁰ . Report on Mapping the Corruption Risks and Business Solutions for State Inspection in the Republic of Moldova, Veaceslav Ionita, Viorel Pirvan, 2018 ³¹	Business associations	Partially/ Initiated by American Chamber of Commerce

²⁸ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

²⁹ <http://viitorul.org/files/library/Raport%20Coruptie%20Biz%20rom.pdf>

³⁰ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

³¹ <http://viitorul.org/files/library/Raport%20de%20cartografiere%20fin.pdf>

INTERVENTION TYPES	Specific Recommendations	Made by whom, when and in what report	Who is/ are responsible for implementing	Has it been implemented
	2. Build dialogue platforms	Assessment Report On the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva ³² .	Business associations, branch ministries/agencies, IT digital parks, etc.	No
	3. Strengthening the whistleblowing role of the business associations and provision of legal assistance in corruption cases and Internal reporting lines.	Report on Mapping the Corruption Risks and Business Solutions for State Inspection in the Republic of Moldova, Veaceslav Ionita, Viorel Pirvan, 2018 ³³	Public authorities should stimulate and recommend economic agents to apply internal reporting whistleblowing systems. Business associations shall have a point of reception (phone line, email, mailbox) where their employees can report acts of corruption.	No
<i>Indirect strategies</i> focus on a broader set of reforms that have a more indirect effect on anti-corruption, such as improving hiring practices within administration or improving	1. State controls reform	Report on Mapping the Corruption Risks and Business Solutions for State Inspection in the Republic of Moldova, Veaceslav Ionita, Viorel Pirvan, 2018 ³⁴ National Integrity System Assessment by Transparency International Moldova in 2014	Government and public authorities performing state controls	Partially
	2. Increase transparency of the public procurements	Monitoring Report on the Sectorial Anti-corruption Action Plan on public procurement for 2018-2020 (monitoring period - 2018).	National Agency for the Resolution of Complaints' Public Procurement Agency	Partially/ Limited – only one training quarterly ³⁷

³² <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

³³ <http://viitorul.org/files/library/Raport%20de%20cartografiere%20fin.pdf>

³⁴ <http://viitorul.org/files/library/Raport%20de%20cartografiere%20fin.pdf>

³⁷ https://tender.gov.md/sites/default/files/document/attachments/program_de_instruire_2022.semnat_0.pdf

INTERVENTION TYPES	Specific Recommendations	Made by whom, when and in what report	Who is/ are responsible for implementing	Has it been implemented
managerial competences.		Viorel Pârvan , Diana Enachi ³⁵ Monitoring Report on the Sectorial Anti-corruption Action Plan on public procurement for 2018-2020 (monitoring period - 2018). Viorel Pârvan , Diana Enachi ³⁶		
	3. Lack of political influences over the human resources procedures	Combating Corruption in Moldova: What can business do?. Veaceslav IONIȚA, Viorel PÎRVAN, 2017 ³⁸ Economic resilience in times of crisis. Business sector's concern for the management of the crisis effects. Ion BUTMALAI, 2022 ³⁹	Public authorities	Yes
	4. Corruption risks analysis within the State Fiscal Service and strengthening the institutional integrity	Study on the corruption risks analysis for the State Tax Service. Viorel Pirvan, Diana Enachi. 2021 ⁴⁰	State Tax Service, Ministry of Finance, Government	Partially.
	5. Corruption risks analysis within the State Labor Inspection and strengthening the institutional integrity	Corruption risks analysis within the State Labour Inspection, Viorel Pirvan, Diana Enachi, Veaceslav Ionita. 2020 ⁴¹	State Labor Inspectorate, Ministry of Labour and Social Protection, Government	Partially.
	6. Improve the public-private dialogue for enhancing the inclusive economic development	Economic resilience in times of crisis. Business sector's concern for the management of the crisis effects. Ion BUTMALAI, 2022 ⁴²	Parliament, Government	No
	7. Conduct the reform of the education system to adapt the qualifications of the professionals to the market needs	Economic resilience in times of crisis. Business sector's concern for the management of the crisis effects. Ion BUTMALAI, 2022 ⁴³	Ministry of Education, Government, Parliament	No

³⁵ http://viitorul.org/files/library/Raport%20de%20monitorizare%20Plan%20Anticoruptie_Cor.pdf

³⁶ http://viitorul.org/files/library/Report%20de%20monitorizare%20Plan%20Anticorruptie%202018-2020_0.pdf

³⁸ <http://viitorul.org/files/library/Raport%20Coruptie%20Biz%20rom.pdf>

³⁹ https://drive.google.com/file/d/1AUCIXmgDt0Ho2tn6TCkvOre24AtXs8_P/view

⁴⁰ http://viitorul.org/files/library/Studiu_SFS_2021.pdf

⁴¹ http://viitorul.org/files/library/Studiu_ISM_0.pdf

⁴² https://drive.google.com/file/d/1AUCIXmgDt0Ho2tn6TCkvOre24AtXs8_P/view

⁴³ https://drive.google.com/file/d/1AUCIXmgDt0Ho2tn6TCkvOre24AtXs8_P/view

INTERVENTION TYPES	Specific Recommendations	Made by whom, when and in what report	Who is/ are responsible for implementing	Has it been implemented
	4. Enhance the Competition's Council function in eliminating unfair competition resulting from kleptocratic schemes, political protection and cartel agreements	In-depth study of small producer sector and actions to be applied by the Government in order support the development of SME sector. Stas Madan. February 2022 ⁴⁴ . Economic resilience in times of crisis. Business sector's concern for the management of the crisis effects. Ion BUTMALAI, 2022 ⁴⁵ National Integrity System Assessment by Transparency International Moldova in 2014	Competition's Council, Agency for Consumer Protection and Market Surveillance	Partially
	5. 4. Ensuring the control of the exchange of goods on the segment not controlled by the authorities of the Republic of Moldova/left bank of the Nistru River in order to minimize unfair competition due to contraband products.	Economic resilience in times of crisis. Business sector's concern for the management of the crisis effects. Ion BUTMALAI, 2022 ⁴⁶	Government, the Vice Prime Minister for Reintegration and the Reintegration Policy Office	No.
<i>Anti-corruption institution strategies</i> focus on supporting anti-corruption commissions or agencies to support anti-corruption efforts through awareness	1. Awareness-raising and AC education of business sector	Assessment Report On the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva ⁴⁷ .	National Anti-corruption Centre	Yes

⁴⁴ https://sme.md/downloads/Evolutia-IMM-urilor_Brosura-en.pdf

⁴⁵ https://drive.google.com/file/d/1AUCIXmgDt0Ho2tn6TCkvOre24AtXs8_P/view

⁴⁶ https://drive.google.com/file/d/1AUCIXmgDt0Ho2tn6TCkvOre24AtXs8_P/view

⁴⁷ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

INTERVENTION TYPES	Specific Recommendations	Made by whom, when and in what report	Who is/ are responsible for implementing	Has it been implemented
raising, training or other activities.	2. Providing education and training on anti-corruption measures for entrepreneurs including drafting and public dissemination of training materials, including by using the e-learning platform (created in 2021 with UNDP support for public agents). It is important that these materials be brief and highly instructive, and provide practical solutions for various situations related to anti-corruption legislation.	Assessment Report On the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva ⁴⁸ . National Integrity System Assessment by Transparency International Moldova in 2014	National Anti-corruption Centre	Partially. The Code of conduct has been published.
	2. Organizing contests and awards for ethical business practices (applied since 2020, the Integrity Award within the Trademark of the Year Contest)	Assessment Report On the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva ⁴⁹ .	National Anti-corruption Centre	Yes
	3. The proactive role of NAC in boosting cooperation with the business sector on AC subjects.	Assessment Report On the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva ⁵⁰ .	National Anti-corruption Centre	NAC has applied this concept in 2019 in partnership with the Competition Council, but with the pandemics, the initiative was forgotten.
	4. Creating a network of pro-active	Assessment Report On the conformity of the Moldovan	National Anti-corruption Centre	No

⁴⁸ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

⁴⁹ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

⁵⁰ <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

INTERVENTION TYPES	Specific Recommendations	Made by whom, when and in what report	Who is/ are responsible for implementing	Has it been implemented
	business associations/Committee on anti-corruption (with NAC support).	national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva ⁵¹ .		
	5. Conducting research, collecting and disseminating data and carrying out regular assessments of the scope and dynamics of corruption affecting SMEs	Assessment Report On the conformity of the Moldovan national anti - corruption system to major international standards related to corruption and integrity in the private sector, including a set of concrete recommendations. Chisinau, October 2016. Francesco Clementucci, Alexandru Savva ⁵² .	National Anti-corruption Centre	Yes

51 <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

52 <https://www.undp.org/moldova/publications/assessment-report-conformity-moldovan-national-anticorruption-system-major-international-standards-related-corruption-and>

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Scarlet holds a Law degree (LLB) from Kings College London as well as a Masters (LLM) from the Free University of Berlin focusing on Public International Law and Alternative Dispute Resolution.

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