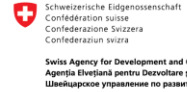


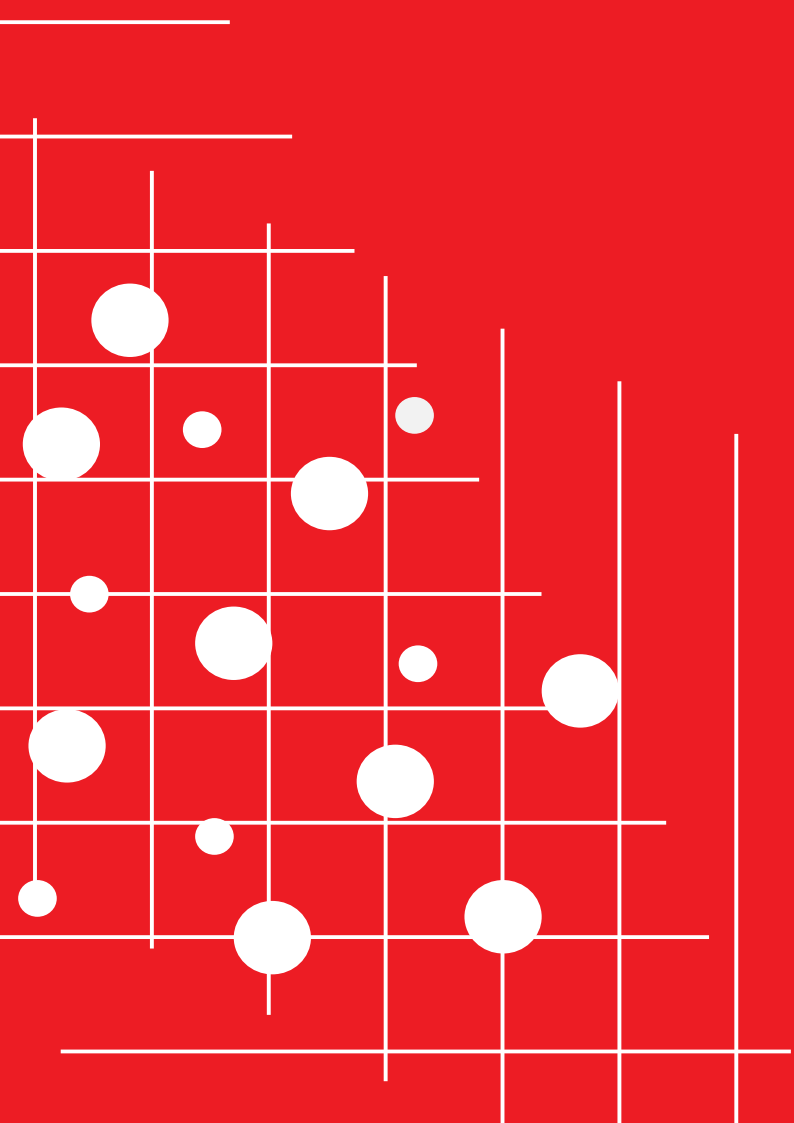


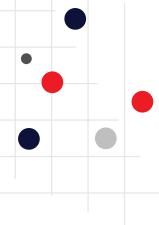
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Swiss Agency for Development and Cooperation SDC  
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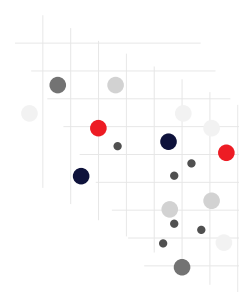
# BUSINESS SERVICES SECTOR IN MOLDOVA 2022





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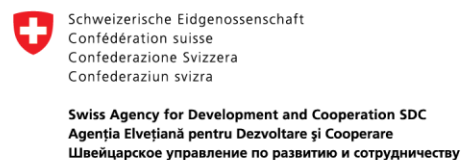
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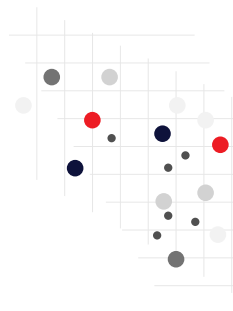


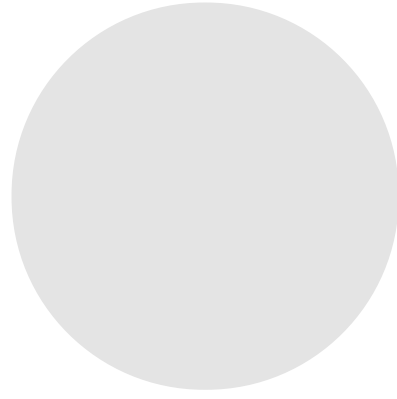
# List of abbreviations

ABSL – Association of Business Service Leaders  
BFSI - Banking, Financial Services, Insurance  
BPO - Business Process Outsourcing  
DK/NR - Don't know/ No response  
F&A - Financial and Accounting  
HR - Human Resources  
ICT - Information and Communication Technology  
IPA - Intelligent Process Automation  
IT - Information Technology  
MDL - Moldovan Leu  
MLN - Million  
N - number of respondents  
SSC - Shared Service Center  
UK - United Kingdom  
US - United States  
USD - United States Dollar

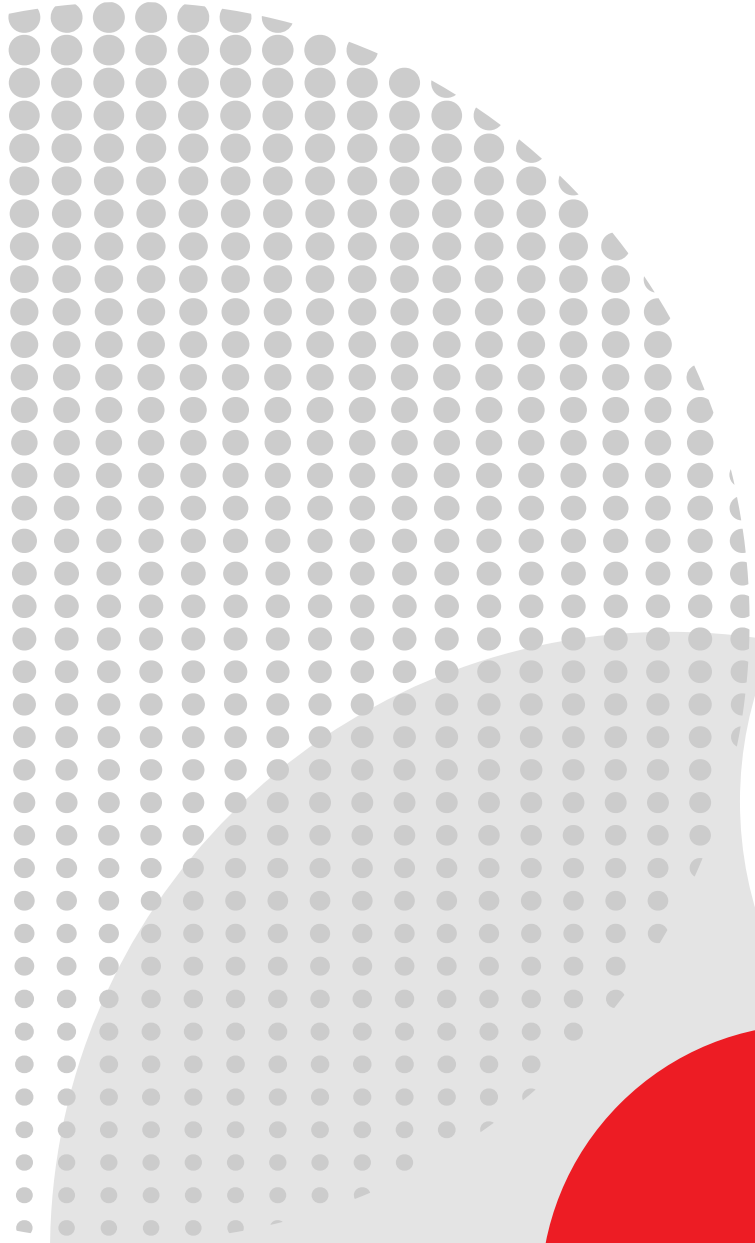


This study was organized with the support of the Economic Policy Advice to the Moldovan Government project, implemented by GIZ Moldova with the financial support of the German and Swiss Governments.





**Executive  
summary**



# EXECUTIVE SUMMARY

## I. Key findings

This report contains the results of the market research on the outsourcing industry.

The research was conducted for Invest Moldova Agency and ABSL Moldova, with the support of the Economic Policy Advice to the Moldovan Government project, implemented by GIZ Moldova with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Swiss Agency for Development and Cooperation (SDC). The study was performed by Magenta Consulting.

For this study 20 Business Process outsourcing / Shared Service Center companies were interviewed. The survey questionnaire was provided by ABSL Moldova and was amended, tested, and improved by Magenta Consulting.

### Current situation in the BPO/ SSC industry

According to the report of Invest Moldova Agency, 2021/ 2022 edition, the BPO segment represents approximately 12% (based on the IDC Report, 2019) of the outsourcing market. The BPO companies in Moldova service European and US markets predominantly, provide services in 14 languages and most of them use English as their working language.

**4,200 companies** operating in the relevant outsourcing sectors of activity, mostly providing IT related services

**580.5 million USD** turnover

**24,300 people** on average are employed in the outsourcing sectors

*Source: National Bureau of Statistics, 2020*

Most of the companies participating in the survey operate in the Information Technology sector and have one center in Moldova. 13 of the interviewed companies have a multi-function operating model, 12 companies have all-in house shared services operating model, and are focused on both transactional and knowledge intensive work.

## Services in scope

Most of the interviewed companies provide services in the IT sector and about half of them provide Commercial & Professional Services. In the next 12 months, half of the enterprises intend to expand the scope of activities.

According to survey participants, their companies service European and US markets predominantly. As the most important countries serviced from Moldova the following were mentioned more often: Romania, USA, Switzerland, Germany, and UK.

The most used language in companies is English, followed by the other 9 languages required by customers: Romanian, French, Russian, German, Italian, Spanish, Portuguese, Greek, and Polish.

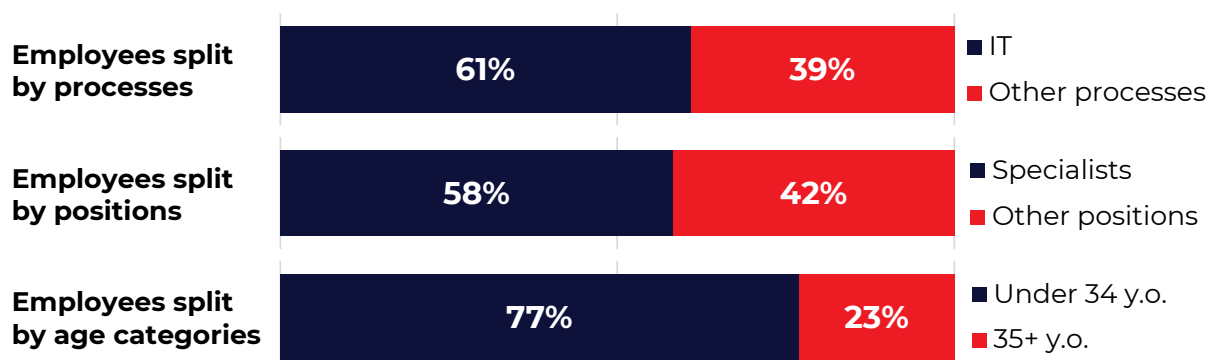
In the interviewed companies, the following programming languages/technologies are currently used to a greater extent: JavaScript, Java, and Python. The most often used IT services are Google Cloud and AWS Cloud.

In about a 1/4 of companies Intelligent Process Automation is part of the operations, the most often used IPA technology being Robotic Process Automation. Representatives of these companies forecast that the Intelligent Process Automation will not influence the changes in employment till the 4th quarter of 2022.

## Employees and talent pool

About 3/4 of companies have up to 50 employees. In the first 6 months of 2022, 7 companies experienced an increase in the number of employees, and 13 enterprises expect an increase in the number of employees in the next 6 months of 2022.

61% of companies' employees are involved in IT processes, 58% are specialists and 77% are under 34 years old.



Source: Survey among companies

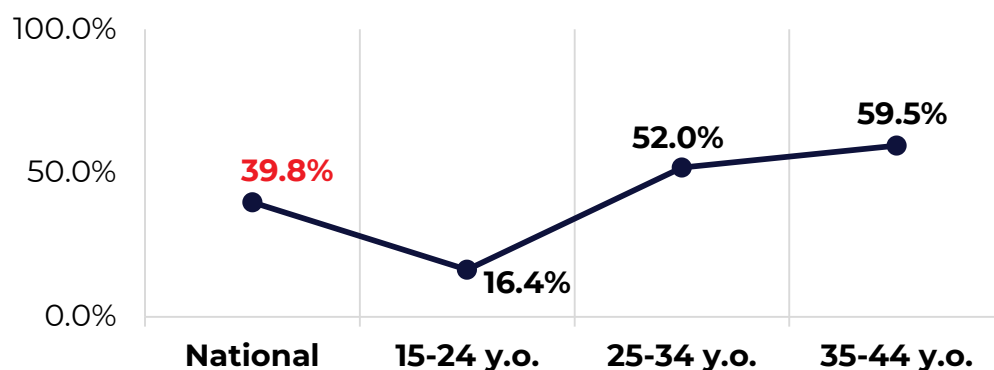
Women constitute 50% of employees and 21% of first-line management.

About 1\4 of interviewed enterprises have a diversity and inclusion policy, mainly focused on gender and gender identity.

BPO industry companies offer a wide range of non-wages benefits to employees. The following are offered to employees to a greater extent:

- internal training,
- flexible working hours,
- possibility of working from home,
- subsidized further education,
- a place for bicycles,
- language courses,
- fresh fruits in the office.

In terms of human capital, currently, there are 610,183 people aged between 18-35. The national employment rate was 39.8% in 2021. This indicator is higher in case of the relevant age categories – 52.0% in case of the 25-34 y.o. population, and 59.5% in case of the 35-44 age category.



*Source: National Bureau of Statistics, 2021*

English and French are the most popular foreign languages studied by pupils in most schools in Moldova. In higher education institutions students also have a possibility to study specialty in a foreign language, the most popular being Russian and English.

According to the EF English Proficiency Index (EX EPI) 2021, Moldova ranks 36th out of 112 worldwide and has the 27th position of 35 in Europe at the level of English proficiency for the adult population.

As recruitment documents and procedures, the most frequently used are:

- interviews
- resumes
- technical tests
- references feedback
- practice tests.

And the most popular recruiting methods are referrals, direct approach, posts on jobs sites, and posts on social media, and LinkedIn.

### Financial performance

The score for paying taxes – an indicator that includes payments, time, total tax, and contribution rate for a firm to comply with all tax regulations as well as post-filing processes, of Moldova is 85.2 out of 100 (Doing business, 2020, World Bank).

The Corporate Income Tax is 12% and the Personal Income Tax is 12% in Moldova. Compared to other countries in the region these rates are lower.

	Corporate Income Tax rate	Personal Income Tax rate
<b>Moldova</b>	<b>12%</b>	<b>12%</b>
Albania	15%	15%
Romania	16%	10%
Ukraine	18%	18%
Poland	19%	32%

*Source: PWC, worldwide tax summaries, 2022*

In terms of the standard structure of salaries in Moldova, the following taxes are applied: Personal Income Tax (12%), Employee Health Insurance Tax (9%), and Employer Social Fund (24%).

As of January 1, 2017, when the Law on IT Parks came into force, the 7% single tax is applying in the case of Moldova IT Park residents, which is to replace: Corporate Income Tax, Personal Income Tax, social security, and medical insurance taxes due by employers and employees, local and real estate taxes, and road tax.

On average the interviewed companies had an overall turnover of 325.3 thousand USD and in 2021 this indicator was higher – about 459.6 thousand USD.



## Business environment

**The score of starting business (0-100), 2020 - 95.7** - this score is higher than the regional average (Europe & Central Asia) and compared to other countries in the region

**Ease of doing business score (0-100), 2020 - 74.4** – the highest compared to the previous four years – 2016-2019

*Source: Doing business 2020, World Bank*

In 2022 Moldova's Economic Freedom score was 61.3, ranking 78th worldwide and 39th among 45 countries in the European region (Heritage.org, 2022).

In terms of Communication infrastructure and access, about 65% of households have internet access at home and 100% population is covered by a mobile-cellular network. In 2017, 76% of individuals were using internet.

According to the Speedtest Global Index, the fixed broadband speed in Moldova was 169,5 Mbps, ranking 34 out of 181 countries.

Representatives of the interviewed companies are satisfied to a greater extent with the following aspects related to the business environment:

- availability of modern office space
- overall satisfaction with the city as a place for your business
- city accessibility by airport
- the level of wages
- city accessibility by car
- general quality of life.

14 out of 20 respondents are of the opinion that the competition in their field of activity is very or somewhat strong.

In terms of aspects related to regulatory framework the survey respondents are satisfied with fiscal policy of the Republic of Moldova, the amount of taxes and fees, and the quality of business legislation in Moldova.

## II. Methodology

This study was performed for Invest Moldova Agency and ABSL Moldova, with the support of the Economic Policy Advice to the Moldovan Government project, implemented by GIZ Moldova with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Swiss Agency for Development and Cooperation (SDC). The research was conducted by Magenta Consulting.

Magenta Consulting collected and analyzed both primary (survey) and secondary data to provide a deeper understanding of Moldova's outsourcing industry.

For this research 20 companies, and representatives of the BPO industry from Moldova were interviewed. Interviews were carried out through the Google Meet platform.

Persons from the top management of the companies were selected as respondents. Most of the respondents were CEOs, and fewer were from other executive positions – COO, CTO, HR Director.

The survey questionnaire was provided by the ABSL Moldova and adjusted, translated, and tested by Magenta Consulting. The approved beneficiary questionnaire included 47 questions and was used for interviews.

Data collection period: May 13 – 20, 2022.

The survey data is presented in the number of companies predominantly, except for the figures on employees split by different variables, which contains the percent sign.

The survey results express the status and opinions of the participants and not those of the researchers.



**Current  
situation in  
the BPO  
industry**

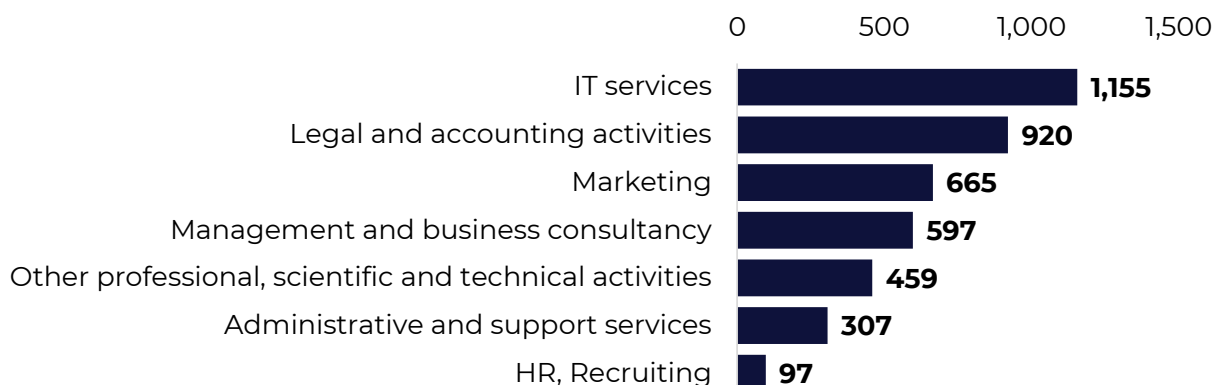
# CURRENT SITUATION IN THE BPO/ SSC INDUSTRY

## I. Sector overview

According to the report of Moldova Invest Agency, 2021/ 2022 edition, the BPO segment represents approximately 12% of the outsourcing market. The BPO companies in Moldova provide services in 14 languages, and most of the companies use English as their working language. The current workforce of Moldova BPO industry services European and US markets predominantly.

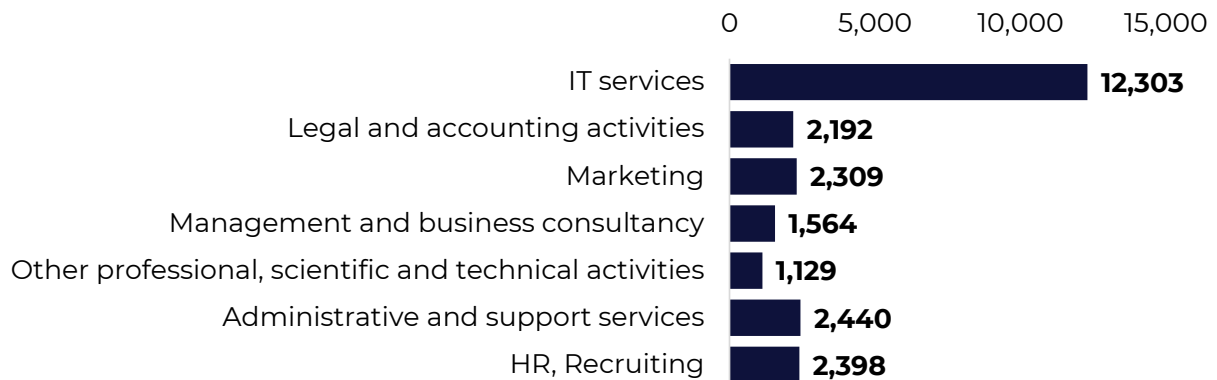
In 2020, 4,200 companies operated in the relevant outsourcing sectors of activity. Most of them provided IT services (1,155 enterprises), Legal and Accounting activities (920 companies), Marketing services (665 companies), and Management and business consultancy (597 enterprises).

### Number of companies by relevant sectors of activity, 2020



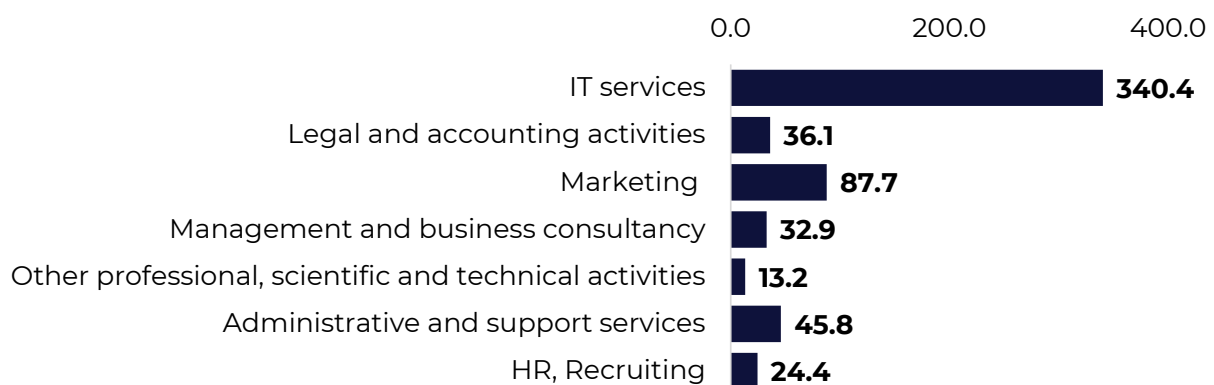
Source: National Bureau of Statistics, 2020

On average, in 2020 the companies operating in the relevant outsourcing sectors of activity had 24,300 employees. Most of them were employed by companies providing IT services – 12,300. More than 2,000 people were employed in each of the following sectors: Legal and accounting activities, Marketing, Administrative and support services, HR & Recruiting.

**Average number of employees by relevant sectors of activity, 2020**

Source: National Bureau of Statistics, 2020

In 2020 the overall turnover of enterprises operating in the relevant outsourcing sectors of activity was about 580.5 million USD. Companies providing IT services had an overall turnover of about 340.4 million USD. Enterprises operating in the Marketing sector had a turnover of about 87.7 million USD.

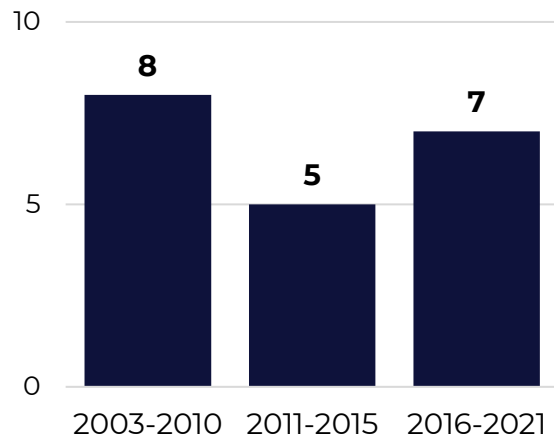
**Turnover in 2020 by relevant sectors of activity, million USD**

Source: National Bureau of Statistics, 2020

## II. Company information

8 interviewed companies first started operations in Moldova between 2003 and 2010, 5 companies started activity between 2011 and 2015, and 7 companies started operations in Moldova between 2016 and 2021.

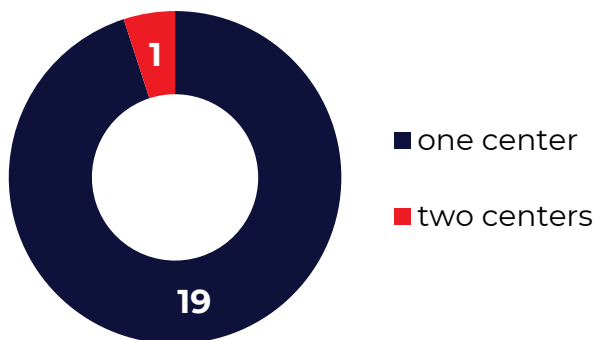
**Period when the company first started operations in Moldova, N=20, in number of companies**



*Source: Survey among companies*

19 out of 20 interviewed companies have one center that is currently operating in Moldova, and one company has 2 centers in Moldova.

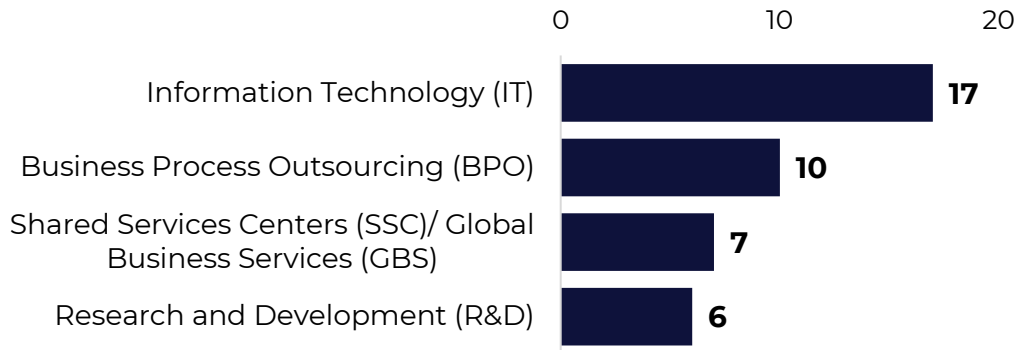
**Number of centers that are currently operating in Moldova, N=20, in number of companies**



*Source: Survey among companies*

17 interviewed companies operate in the category of Information Technology. 10 of them are Business Process Outsourcing centers, and 6 are Research and Development centers.

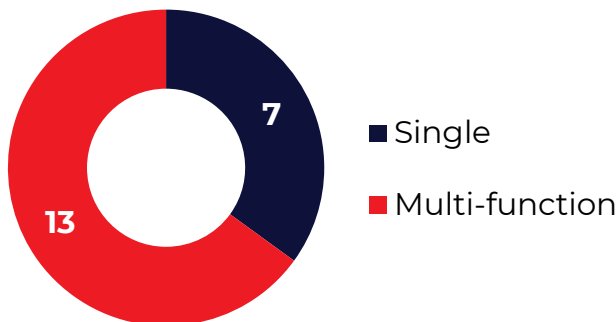
**Companies split by category, N=20, in number of companies**



Source: Survey among companies

13 companies have a multi-function operating model, while 7 of them have a single operating model.

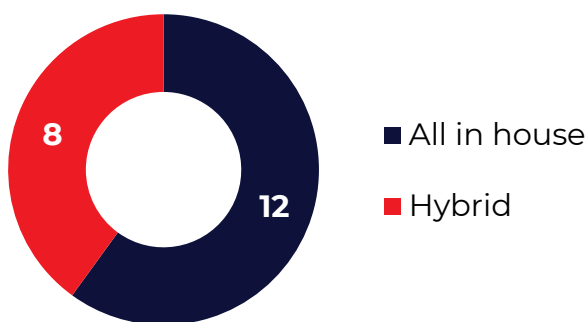
**Company operating model, N=20, in number of companies**



Source: Survey among companies

12 companies have an all-in-house operating model and 8 have a hybrid Shared Services operating model.

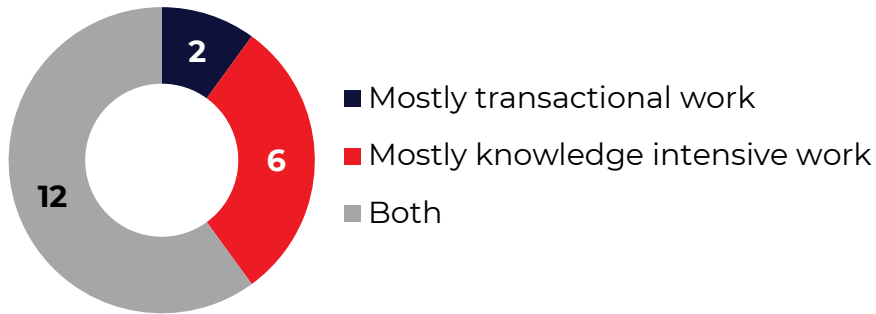
**Shared Services operating model, N=20, in number of companies**



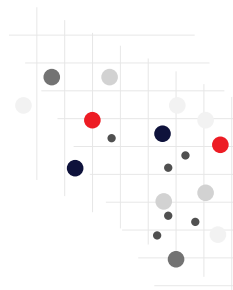
Source: Survey among companies

Most of the representatives of companies – 12 out of 20 – mentioned about both transactional and knowledge-intensive work in their centers. 6 companies are focused mostly on knowledge-intensive work and 2 centers concentrate on mostly transactional work.

**Transactional / Knowledge intensive work ratio, N=20, in number of companies**



*Source: Survey among companies*







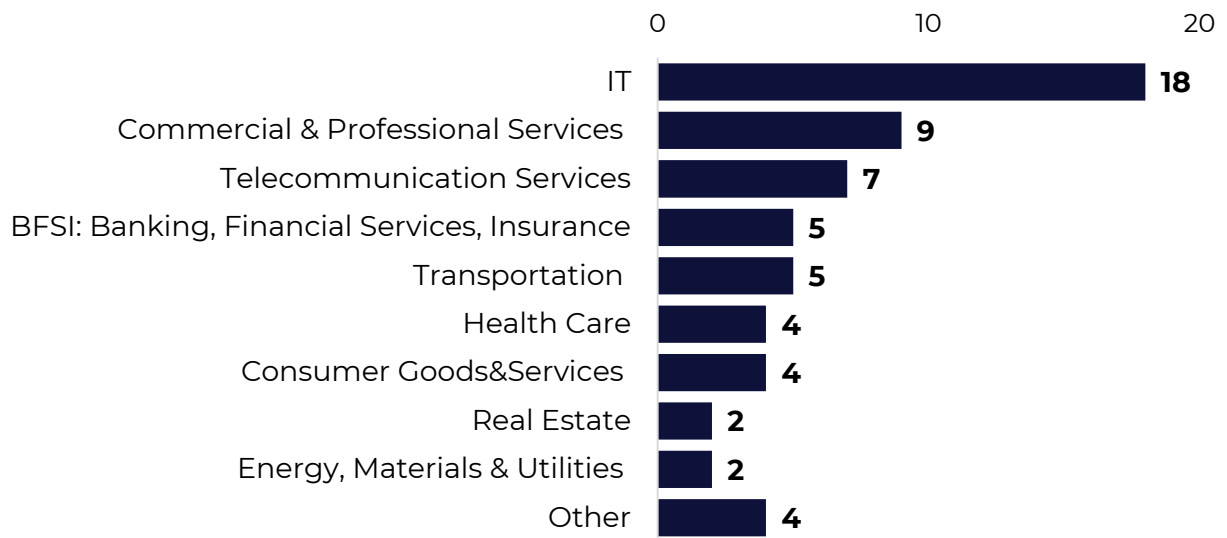
**Services in  
scope**

# SERVICES IN SCOPE

## I. Types of services delivered

Interviewed companies to a greater extent provide services in the following sectors: IT (18 companies), Commercial & Professional Services (9 companies), Telecommunication Services (7 companies), BFSI: Banking, Financial Services, Insurance (5 companies), and Transportation (5 companies).

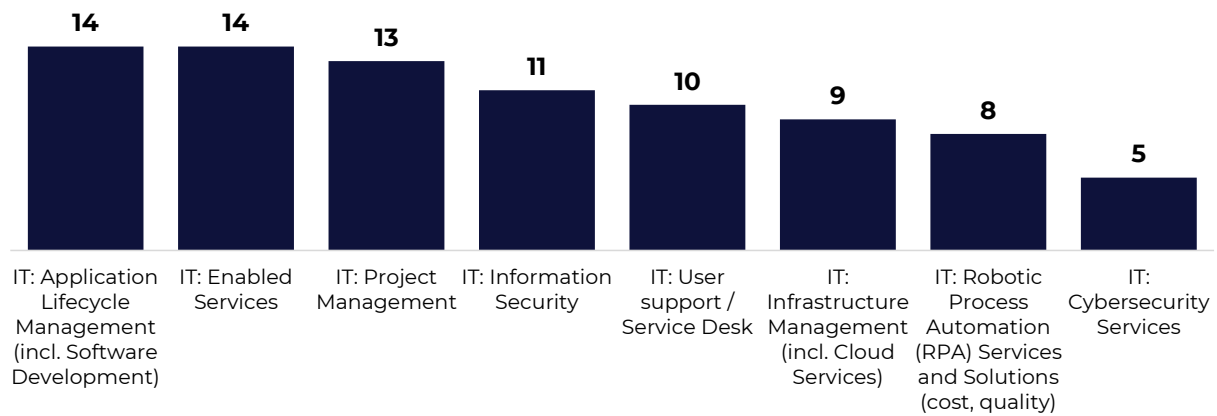
### Companies split by sectors of activity, N=20, in number of companies



Source: Survey among companies

IT services provided by most of the companies are Application Lifecycle Management, Enabled services, Project Management, Information Security, User support/ Service Desk.

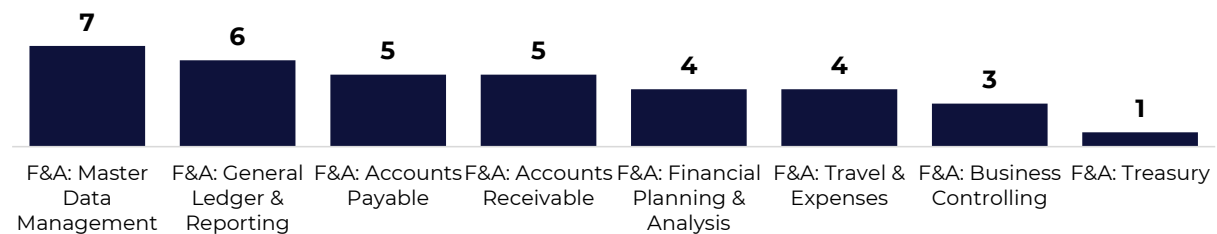
**IT services provided by companies, in number of companies**



Source: Survey among companies

Among Financial and Accounting services, to a greater extent, the following are provided: Master Data Management, General Ledger and Reporting, Accounts Payable, and Accounts Receivable.

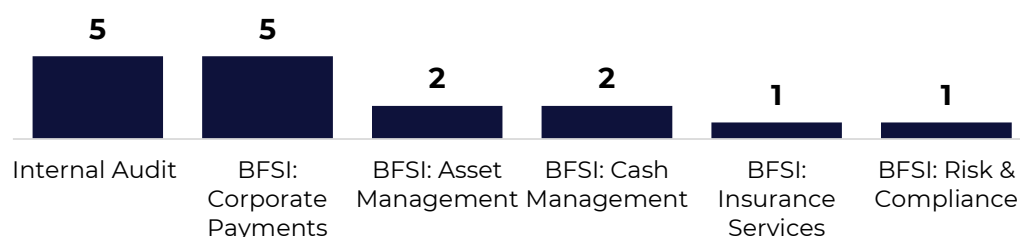
**Financial and Accounting services provided by companies, in number of companies**



Source: Survey among companies

5 out of 20 companies provide Internal Audit and Corporate Payments services.

**Banking, Financial services and Insurance services provided by companies, in number of companies**



Source: Survey among companies

HR services provided by 4-5 out of 20 companies include: Administration & Reporting, Payroll, Compensation & Benefits, Recruitment and Talent Management.

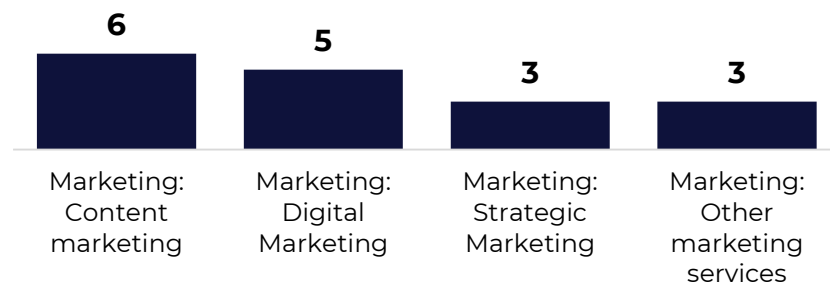
**HR services provided by companies, in number of companies**



Source: Survey among companies

Content marketing and Digital marketing services are provided by 5-6 companies out of 20.

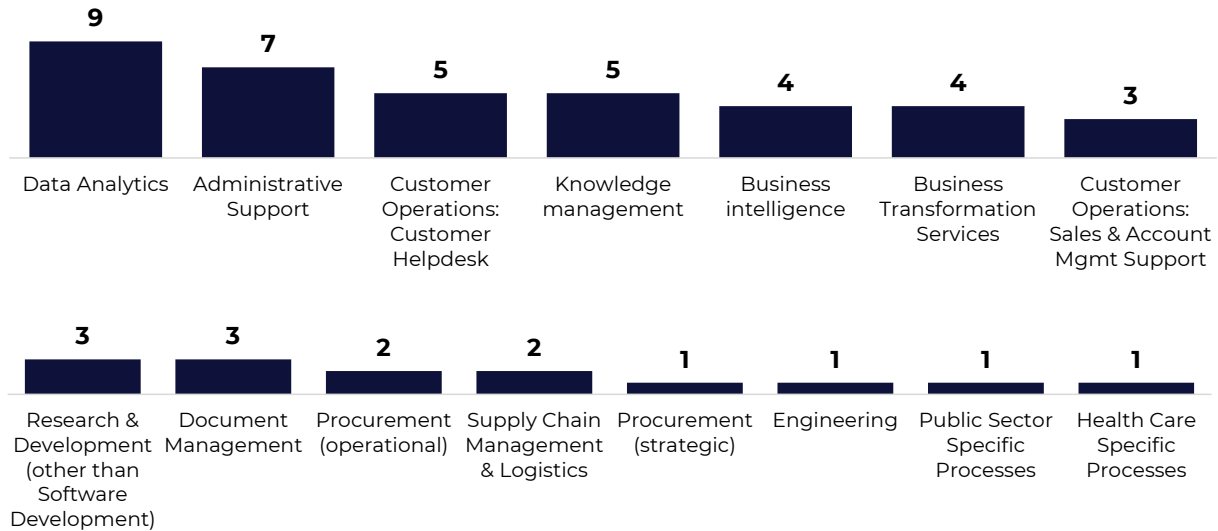
**Marketing services provided by companies, in number of companies**



Source: Survey among companies

Among other services, a significant number of companies provide: Data analytics, Administrative support, Customer helpdesk and Knowledge management.

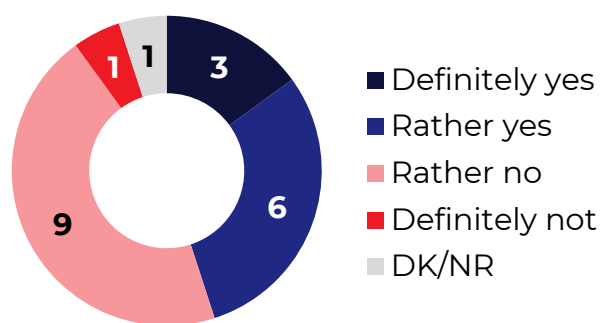
**Other types of services provided by companies, in number of companies**



Source: Survey among companies

9 out of 20 companies have plans to definitely or rather expand scope of activities over the next 12 months. On contrary, 10 companies don't have such plans.

**Intention to expand scope of activities over the next 12 months, N=20, in number of companies**



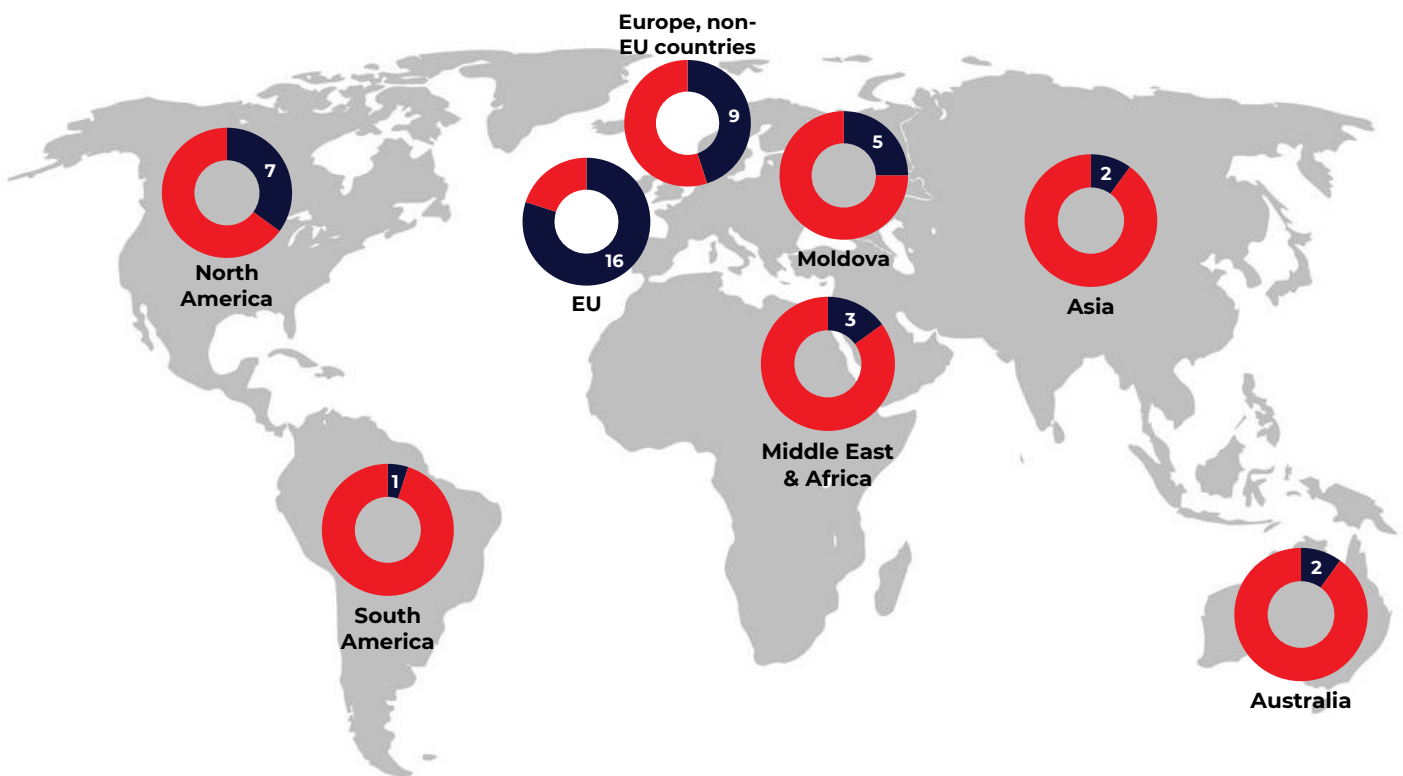
Source: Survey among companies

## II. Geographical spread of the services

Interviewed companies to a greater extent have customers in the following regions: states members of the European Union (17 companies), European countries, which are not members of the European Union (9 companies), North America (7 companies), and Moldova (5 companies).

Less companies have customers in other regions.
















### Geographical spread of the services, N=20, in number of companies



Source: Survey among companies

Representatives of the interviewed companies indicated the 3 most important countries serviced by Moldova. More often the following countries were mentioned: Romania, USA, Switzerland, Germany, and UK.

### Most important countries serviced from Moldova, N=20, in number of companies

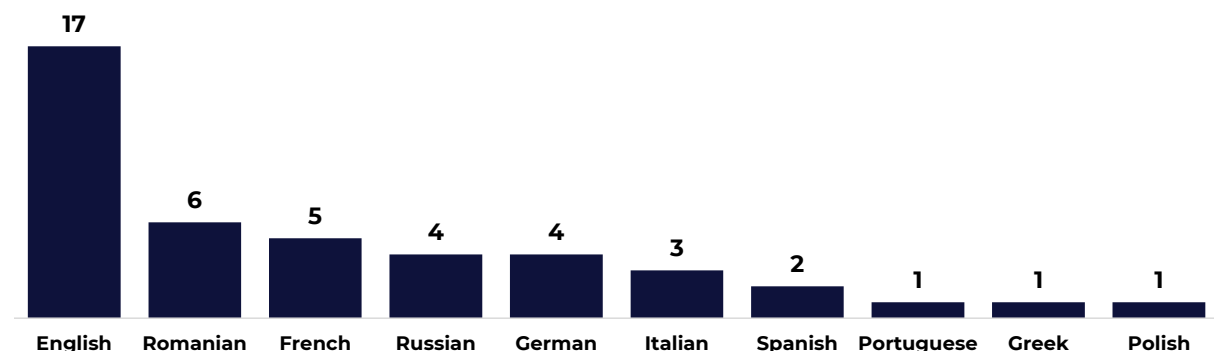
 Romania	6	 Australia	1
 USA	6	 Canada	1
 Switzerland	5	 Moldova	1
 Germany	5	 Ukraine	1
 UK	4	 Turkey	1
 Belgium	2	 Brazil	1
 France	2	 Russia	1
 Italy	2		

Source: Survey among companies

## III. Languages, technologies, and innovations

The most used language in companies is English. Other languages required by customers to a greater extent are Romanian, French, Russian, German, and Italian.

### Languages, required by the customers, mostly used in companies, N=20, in number of companies



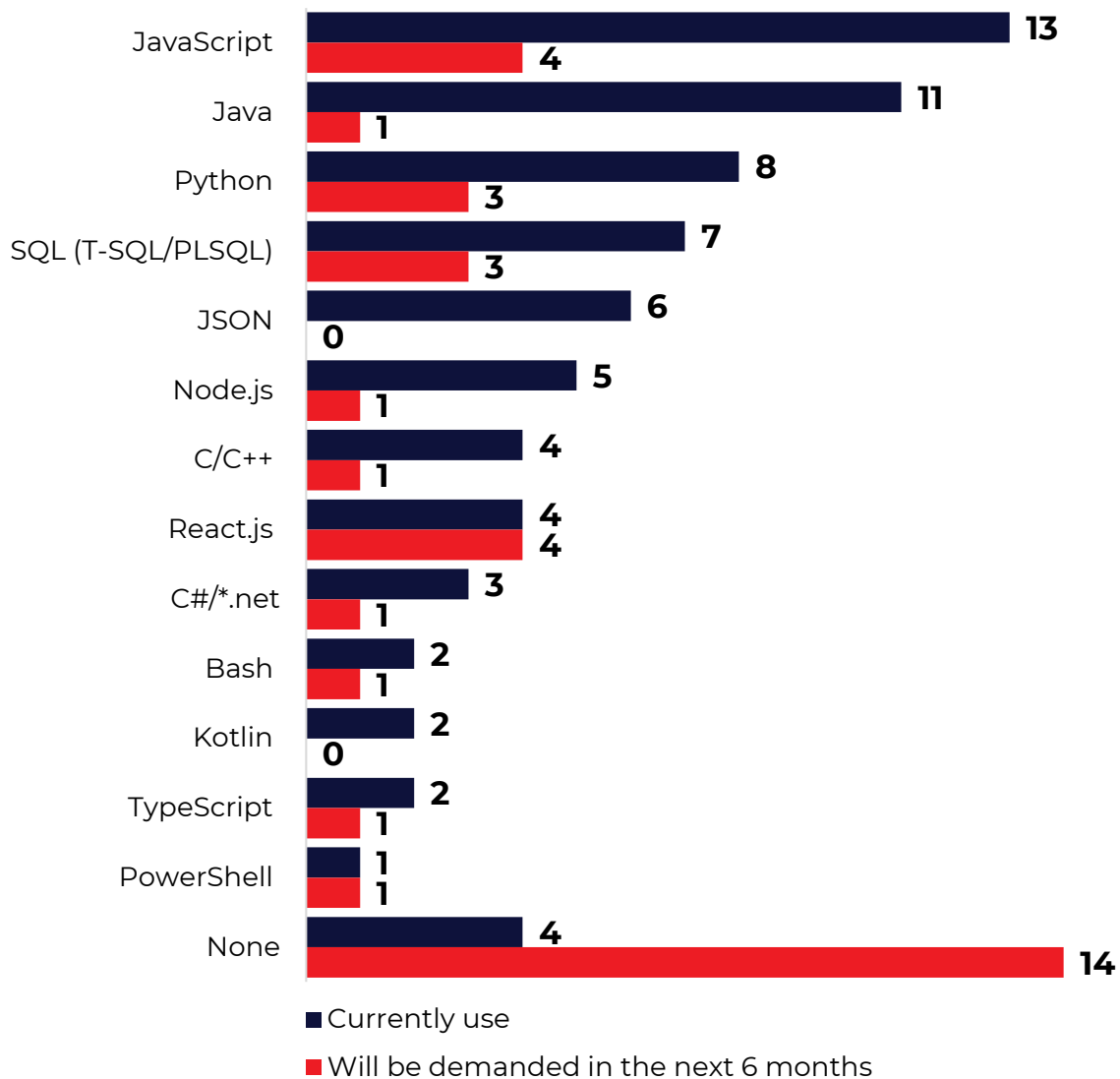
Source: Survey among companies

According to respondents, in their companies, the following programming languages/ technologies are currently used to a greater extent: JavaScript, Java, Python, SQL, JSON, and Node.js.

In the next 6 months, to a greater extent, the following programming languages/ technologies will be demanded in the interviewed companies: Java Script, React.js, Python, and SQL.

14 companies don't have the necessity for any programming languages/ technologies to be implemented in the next 6 months.

**Specialized programming languages/ technologies currently utilized or that will be demanded in the next 6 months, N=20, in number of companies**



Source: Survey among companies

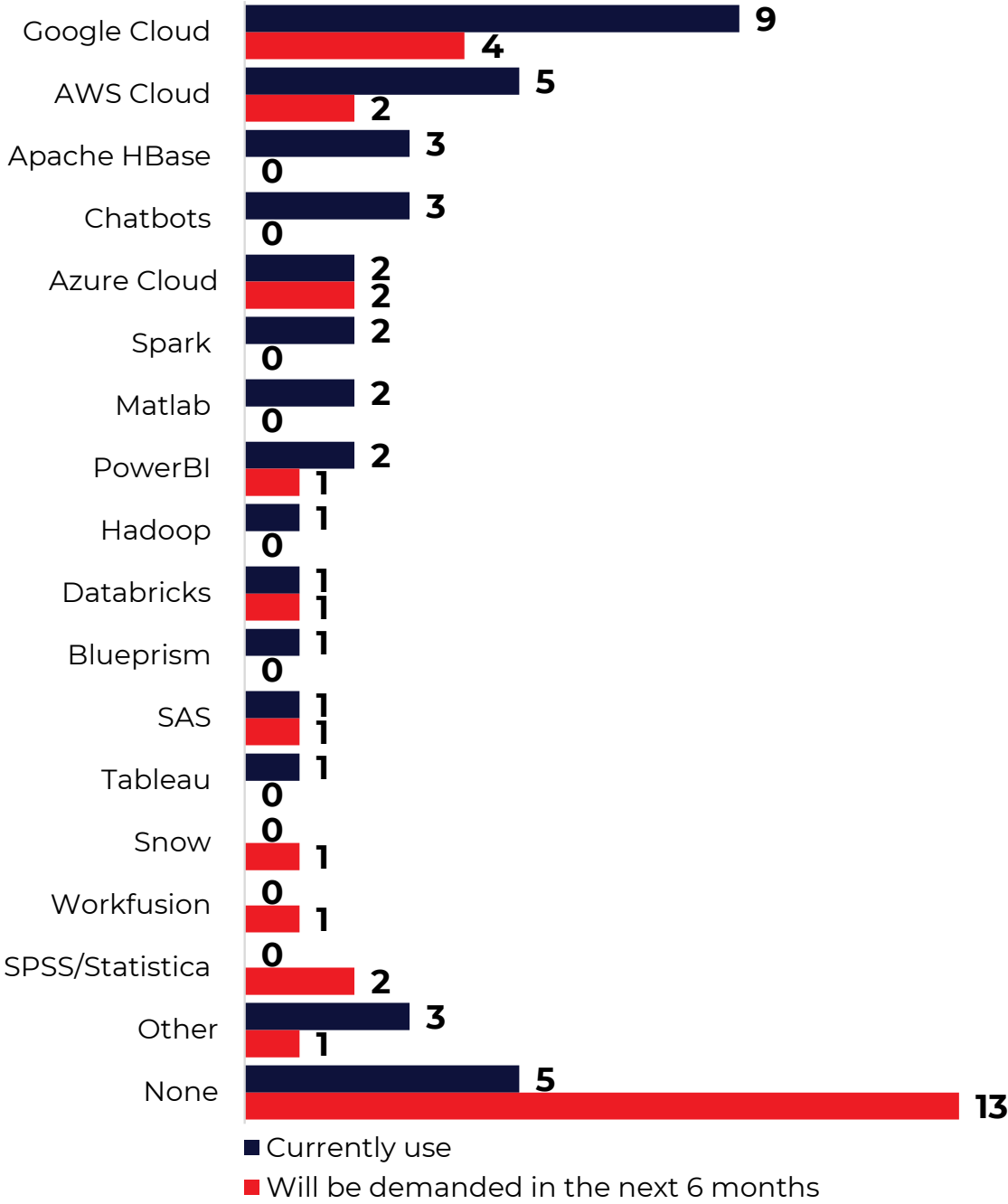
The following IT services are currently used more often in companies: Google Cloud, AWS Cloud, Apache HBase, Chatbots.

The following IT services will be demanded in companies in the next 6 months: Google Cloud, AWS Cloud, Azure Cloud.



At the same time, the representatives of 13 companies mentioned they don't have the necessity for any programming languages/ technologies to be implemented in the next 6 months.

**IT services currently utilized or that will be demanded in the next 6 months, N=20, in number of companies**

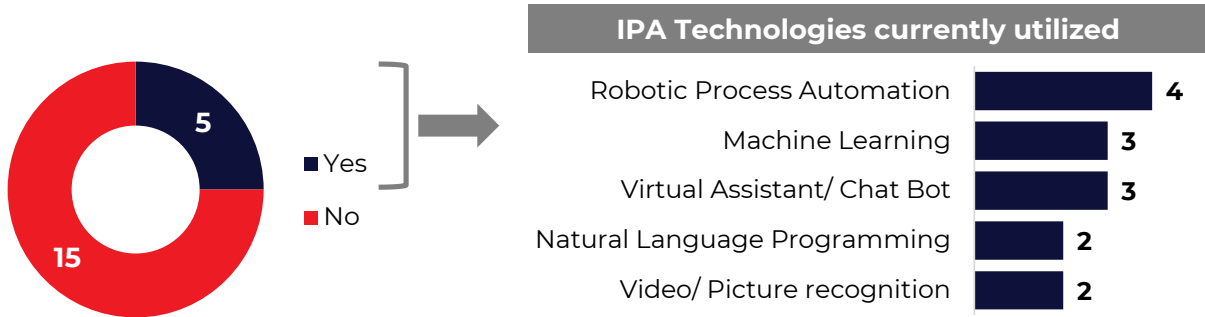


Source: Survey among companies

In 5 out of 20 companies Intelligent Process Automation is part of operations. The representatives of these companies mentioned the following IPA technologies currently utilized in offices located in

Moldova: Robotic Process Automation, Machine Learning, Virtual Assistant, Natural Language Programming and Video/ Picture recognition.

**Implementation of Intelligence Process Automation technologies, N=20, in number of companies**



Source: Survey among companies

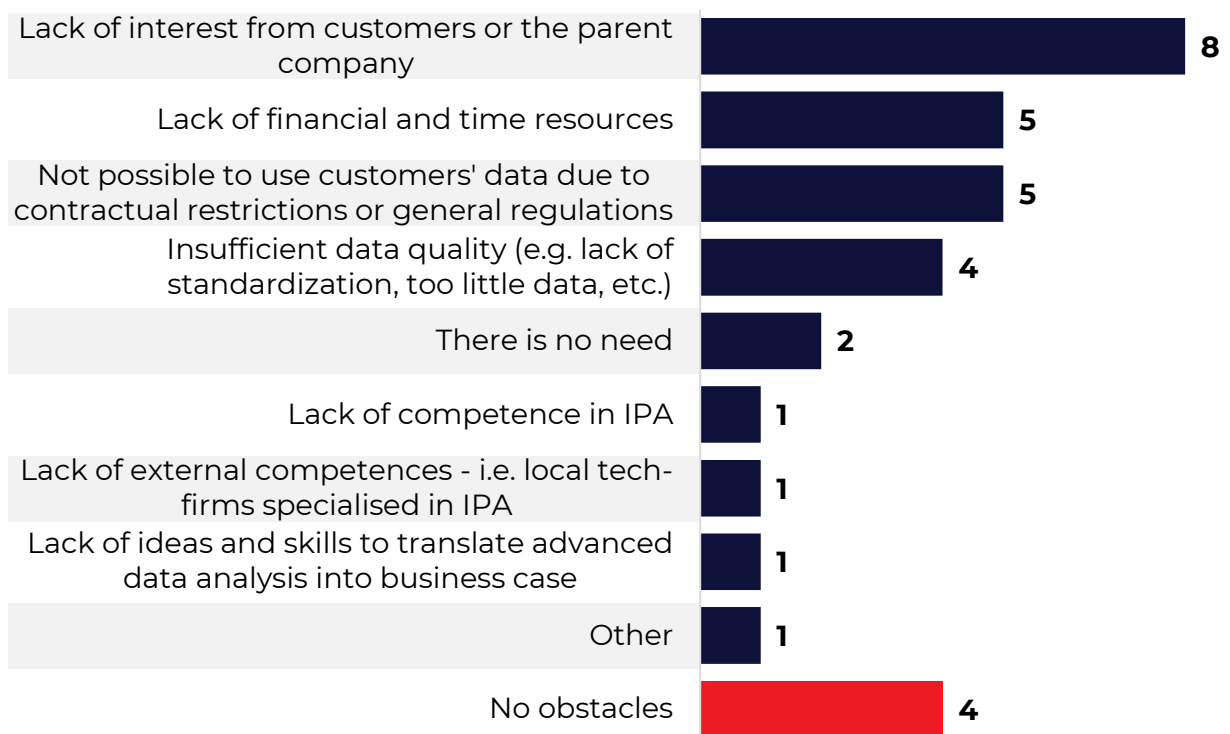
**Representative of 5 companies** who declared Intelligent Process Automation is part of their operations, are of the opinion that the Intelligent Process Automation will not influence the changes in employment till Q4 of 2022.

**2 out of 5 companies** that use Intelligent Process Automation, have a board-approved long-term strategic plan for an Intelligent Process Automation.

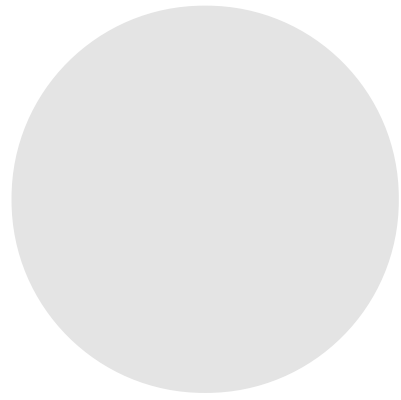
Lack of interest from customers or the parent company was named as the main obstacle in the implementation of Intelligent Process Automation in Moldovan companies. Other most often mentioned obstacles are lack of financial and time resources, impossibility to use customers' data due to contractual restrictions or general regulations, and insufficient data quality.

4 companies don't have any barriers to implementing IPA.

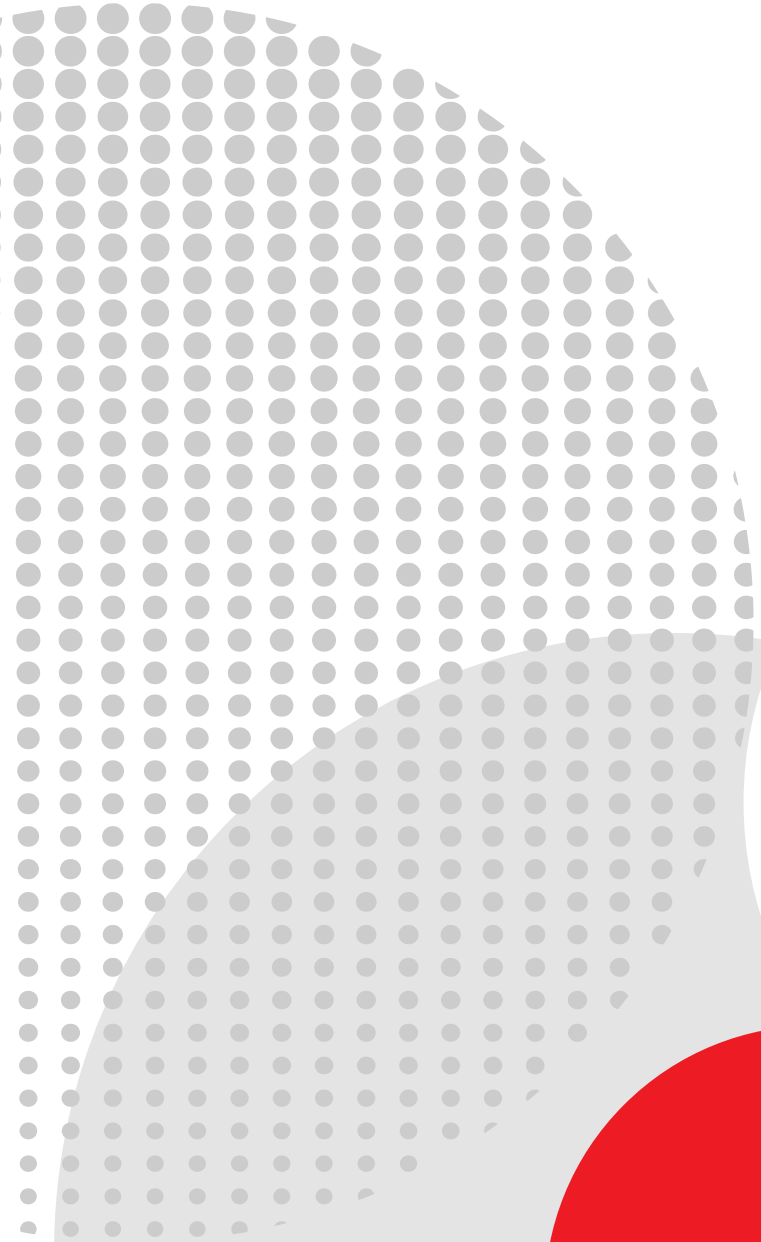
**Barriers in implementing IPA in centers located in Moldova, N=20, in number of companies**



Source: Survey among companies



**Employees  
and talent  
pool**

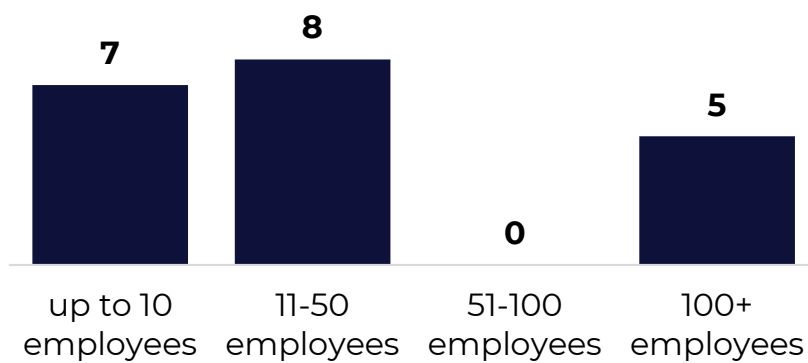


# EMPLOYEES AND TALENT POOL

## I. Employee information

8 out of 20 companies have currently between 11 and 50 employees. 7 of them have up to 10 employees and 5 companies have more than 100 employees.

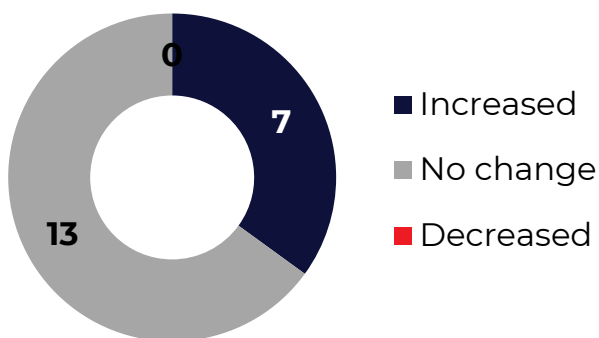
### Number of employees, N=20, in number of companies



Source: Survey among companies

In 7 out of 20 companies the number of employees increased in the first 6 months of 2022.

### Changes in the number of employees in the first 6 months of 2022, N=20, in number of companies

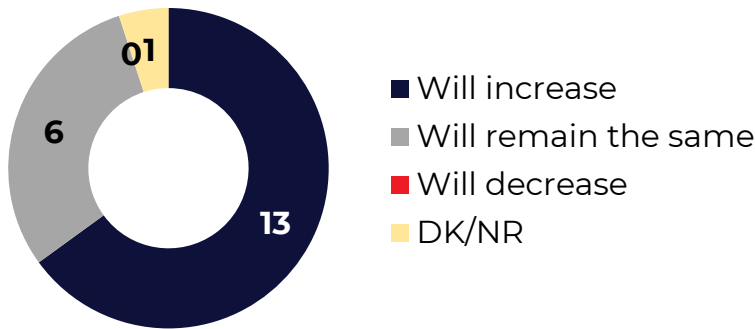


Source: Survey among companies

Those **7 companies** experienced about 5.3% increase in number of employees in the first six months of 2022.

13 out of 20 representatives of companies are of the opinion that in the next 6 months the number of employees will increase. In the case of 6 centers, the forecast is that the number of employees will remain the same.

**Changes in the number of employees in the next 6 months of 2022, N=20, in number of companies**



Source: Survey among companies

The foreseen increase of the representatives of 13 companies who consider the number of employees will increase in the next 6 months, is about 18.4%.

More than half of the employees of interviewed companies are involved in IT processes (61%). Less is part of Customer operations (12%), Finance & Accounting (10%), and other processes.

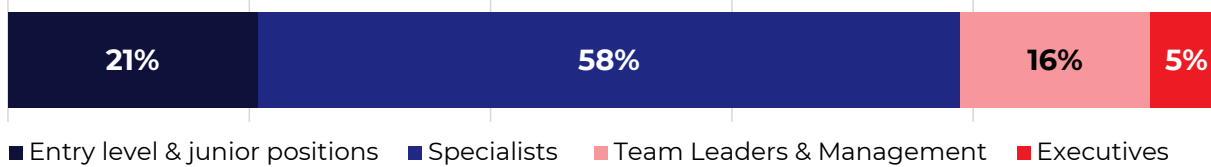
**Employees split by processes, N=1531**



Source: Survey among companies

Over half of employees work in Specialists positions (58%), and 21% of them are in Entry-level and junior positions. About 16% work in Team Leaders and Management positions and 5% are part of an Executive team.

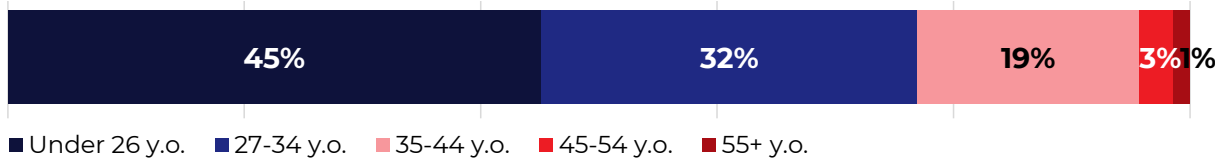
### Employees split by categories of positions, N=898



Source: Survey among companies

About 45% of employees are under 26 years old, about a third are between 27 and 34 years old, and 19% are between 45 and 54 years old.

### Employees split by age categories, N=512



Source: Survey among companies



In interviewed companies, **women constitute:**

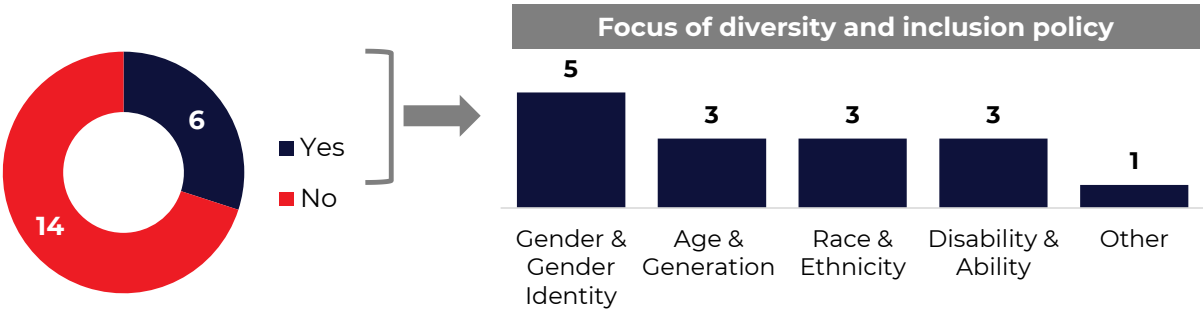
- **50%** of employees.
- **21%** of first-line management.
- **4%** of senior management team.

Source: Survey among companies

**3 out of 20 companies** have non-Moldovan citizens in their companies. Each company has one employee of this category, from the following countries: USA, Ukraine, and Nepal.

6 out of 20 companies have a diversity and inclusion policy. To a greater extent this policy is focused on – gender & gender identity, age & generation, race & ethnicity, disability & ability.

**Diversity and inclusion policy in interviewed companies, N=20, in number of companies**



Source: Survey among companies

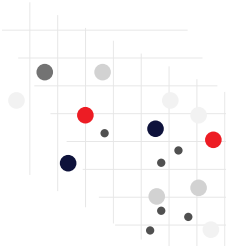
**1 out of 20 companies** operate on rotating time shifts.

Most of the employees of the company that operate on rotating time shifts, work in the afternoon shift.

**Employees split by shift work, N=112**



Source: Survey among companies





Companies from the BPO industry offer to a great extent the following non-wage benefits to their staff: internal training, flexible working hours, the possibility of working from home, subsidized further education, places for bicycles, language courses, and fresh fruit in the office.




**Non-wage benefits offered by companies, N=20, in number of companies**



Source: Survey among companies

## II. Workforce and education statistics

### Statistics of 18-35 years old population by gender, 2021

	18-25 y.o.	%	26-35 y.o.	%
	<b>215.4</b> thousand	<b>100%</b>	<b>394.8</b> thousand	<b>100%</b>
	<b>105.1</b> thousand	<b>49%</b>	<b>197.5</b> thousand	<b>50%</b>
	<b>110.3</b> thousand	<b>51%</b>	<b>197.3</b> thousand	<b>50%</b>

Source: National Bureau of Statistics, 2021

**Employment rate, 2021 – 39.8%**

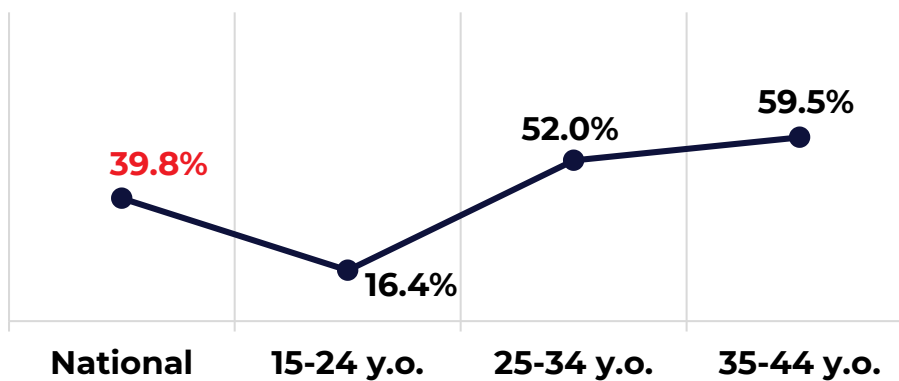
**Employment in services** (% of total employment), 2019 – **57%**

**Employment in industry** (% of total employment), 2019 – **22%**

**Unemployment, total, 2021** (% of total labor force) – **4.0%**

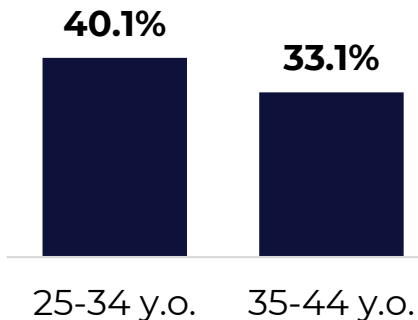
Source: World Bank Data, 2021

### Employment rate by age categories, 2021



Source: National Bureau of Statistics, 2021

### Employed workforce with completed higher education by age categories, 2021






Source: National Bureau of Statistics, 2021

There are 24 higher education institutions in Moldova, with 59,600 students in 2021-2022 and 14,650 graduates in 2020.

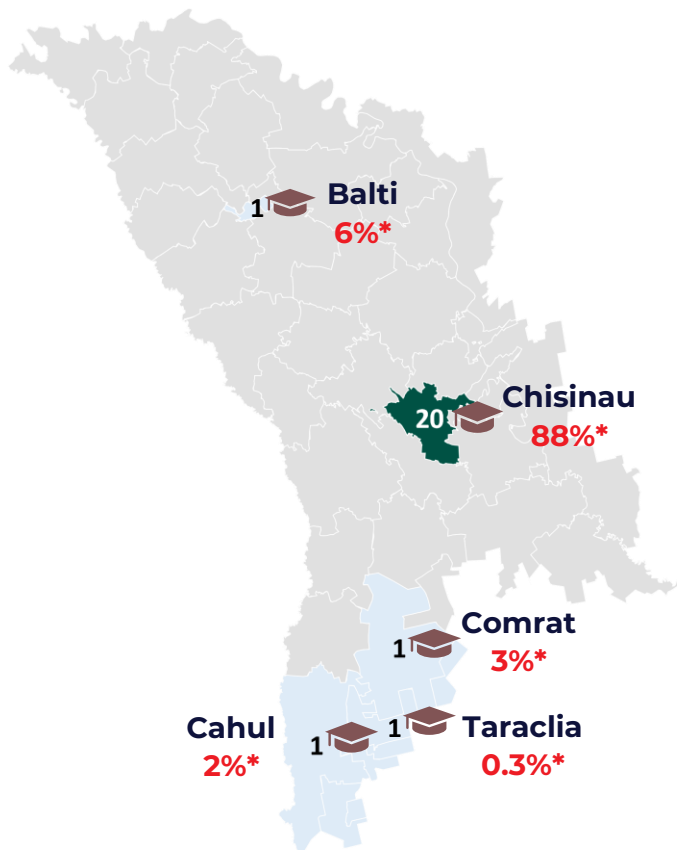
 **24** Higher education institutions

**14,650 Graduates** in 2020

### Students in the higher education institutions by gender, 2021-2022

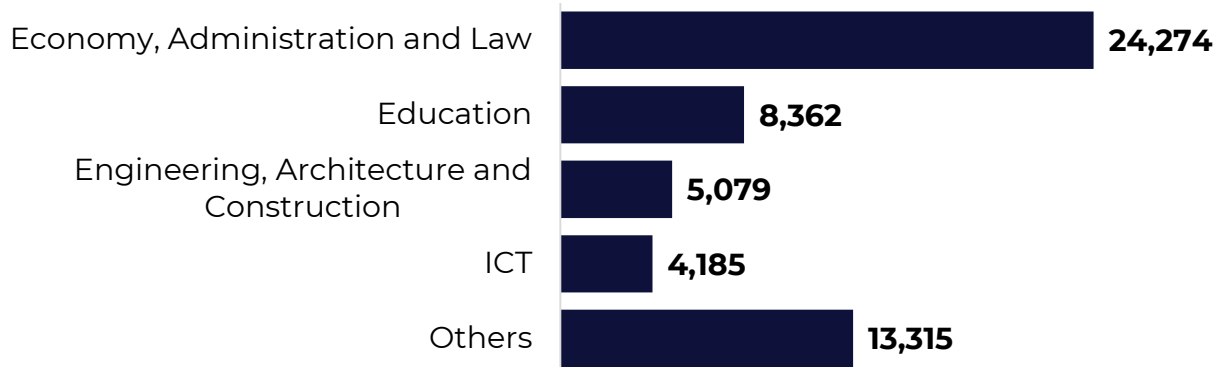
	Number	%
	<b>59.6</b> thousand	<b>100%</b>
	<b>35.0</b> thousand	<b>59%</b>
	<b>24.6</b> thousand	<b>41%</b>

Source: National Bureau of Statistics



\*Percentage of students

### Students in the higher education institutions by specialty, 2021-2022



Source: National Bureau of Statistics

### Students rate by the language of instruction, 2021-2022

Language	rate, %
Romanian	83%
Russian	14%
English	2%
French	1%
Other languages of instruction	0.2%

Source: National Bureau of Statistics

### Pupils studying foreign languages in primary and general secondary institutions, 2020-2021

TOTAL	301,840	%
English	242,594	73%
French	105,238	32%
Russian	99,099	30%
German	11,340	3%
Spanish	1,631	1%
Other	3,519	1%

Source: National Bureau of Statistics

**According to the EF English Proficiency Index (EX EPI) 2021, Moldova ranks 36<sup>th</sup> out of 112 worldwide and has the 27<sup>th</sup> position of 35 in Europe at the level of English proficiency for the adult population.**

### III. Recruitment processes and tools

All interviewed companies use interviews, resumes, and technical tests in the recruitment process. Other often-used procedures are – references feedback, practice tests, and certificates, diplomas.

#### Documents and procedures used in the recruitment process, N=20, in number of companies



Source: Survey among companies

All 20 companies use referrals as one of the recruiting methods and almost all of them directly approach the candidates. Other often-used recruiting methods include posts on jobs sites, posts on social media and LinkedIn.

#### Recruiting methods used, N=20, in number of companies



Source: Survey among companies



**Financial  
performance**

## FINANCIAL PERFORMANCE

Paying taxes includes payments, time, total tax, and contribution rate for a firm to comply with all tax regulations as well as post-filing processes. The Moldova score for paying taxes is 85.2 out of 100.

Moldova made paying taxes easier by reducing the social security contribution rate paid by the employer and the capital gains basis. At the same time, the value of the environmental tax and the time for labor taxes and contributions increased.

Score of paying taxes (0-100) - **85.2**  
 Payments (number per year) - **10**  
 Time (hours per year) - **183**

Source: *Doing business 2020, World Bank*

### Corporate and Personal Income Tax, 2022

The Corporate and Personal Income Tax rate is 12% each. These rates are lower compared to other countries in the region.

	Corporate Income Tax rate	Personal Income Tax rate
<b>Moldova</b>	<b>12%</b>	<b>12%</b>
Albania	15%	15%
Romania	16%	10%
Ukraine	18%	18%
Poland	19%	32%

Source: *PWC, worldwide tax summaries, 2022*



The **average monthly gross wage in the 4<sup>th</sup> quarter of 2021** – 9,767.6 MDL (~ 478.91 EUR).

The **forecasted average monthly wage for 2022** – 9,900 MDL (~ 485.40 EUR).

The **average monthly wage in IT park companies, 2020** – 28,000 MDL (~ 1,372.85 EUR).

Sources: *National Bureau of Statistics, Moldova IT Park 2020 evaluation report*

**Standard structure of salaries in Moldova, 2021 (EUR)**

**Total Labor Cost  
1,529.33**

**Gross Salary  
1,233.33**



- Net Salary
- Personal Income Tax
- Employee Health Insurance Tax
- Employer Social Fund

**Structure of salaries for Moldova IT Park residents, 2021 (EUR)**

**Total Labor Cost  
1,000**

**Net Salary  
1,000**

**Gross Salary  
1,000**

Source: Invest Moldova

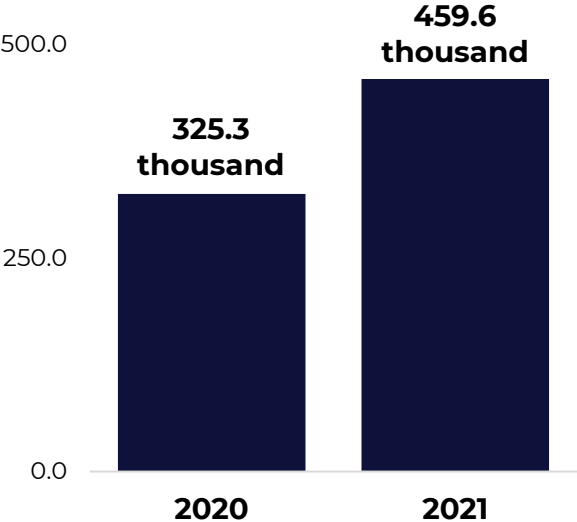
All IT Park employees benefit from social security coverage limited to 2/3 of an average salary in the economy (EUR ~ 423 x 2/3 = EUR 282, as of 2021);

7% of revenue, but not less than 125 EUR per employee (as of 2021). The single tax does not cover tax on dividends, VAT, excise taxes.

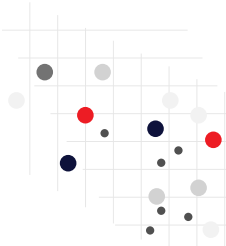


On average in 2020 interviewed companies had a turnover of 325.3 thousand USD. In 2021 this indicator was higher – 459.6 thousand USD.

**Companies' turnover in 2020 and 2021, average, in USD**



Source: Survey among companies





**Business  
environment**

# BUSINESS ENVIRONMENT

## I. Key facts

**Moldova GDP** (current US\$), 2020 - **11.92**

**Moldova GDP per capita** (current US\$), 2020 - **4,547.1**

Source: World Bank data, 2020

According to the World Bank data, in 2020, the score of starting a business in Moldova, which includes procedures, time, cost, and paid-in minimum capital to start a limited liability company on a scale from 0 to 100 was 95.7.

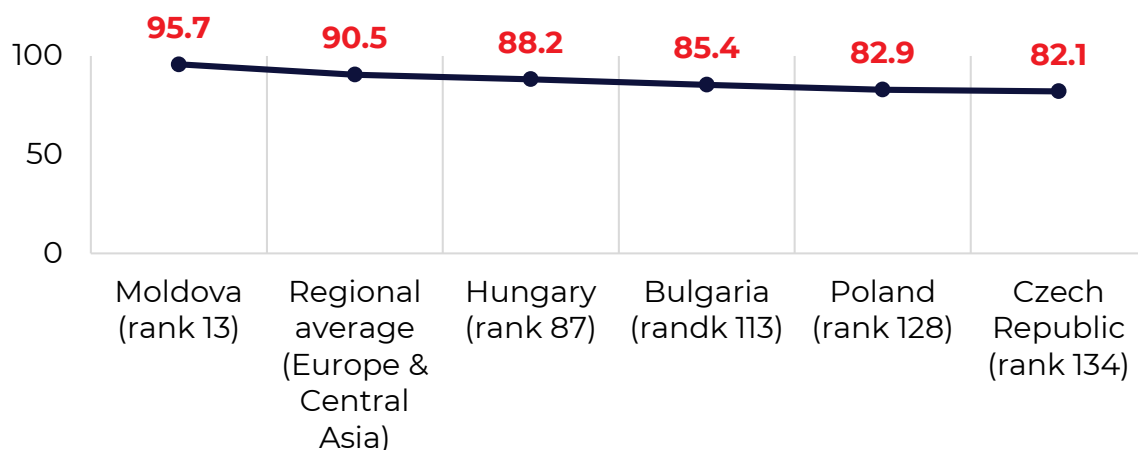
Score of starting business (0-100) - **95.7**

Procedures (number) - **3**

Time (days) - **4**

Moldova score of starting business is higher than the regional average (Europe and Central Asia) and the scores of other countries in the region.

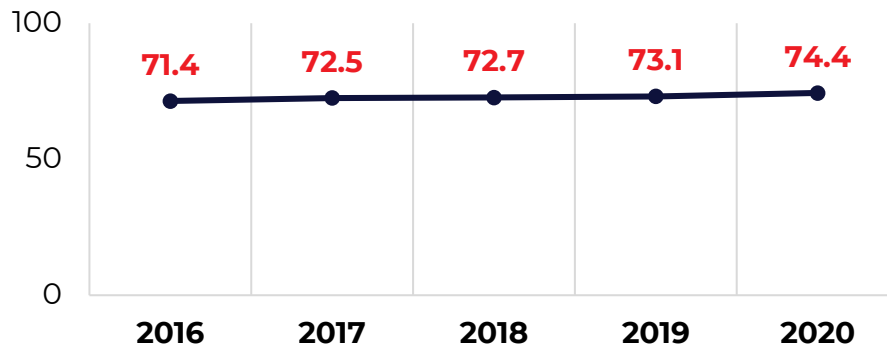
### Starting a Business in Moldova and comparator economies – Score and Ranking, 2020



Source: Doing business 2020, World Bank

In 2020 Moldova ease of doing business score was 74.4 out of 100. This score is higher compared to other four previous years – period 2016-2020.

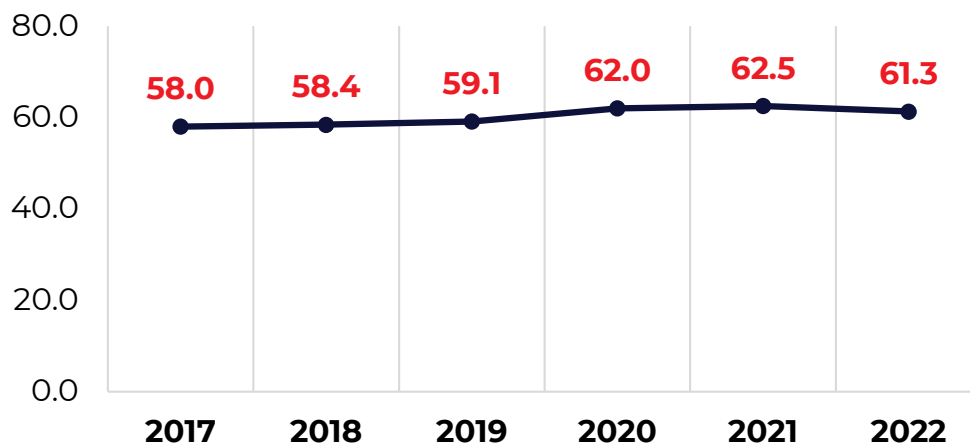
### Ease of doing business score Moldova (0-100), 2016-2020



Source: *Doing business, World Bank*

Index of Economic Freedom measures the economic freedom of 184 countries based on trade freedom, business freedom, investment freedom, and property rights. In 2022 Moldova's Economic Freedom score was 61.3, ranking 78<sup>th</sup> worldwide and 39<sup>th</sup> among 45 countries in the European region.

### Index of Economic Freedom score (0-100), 2017-2022



Source: *Heritage.org, 2022*

## Communication Infrastructure and Access

- Population covered by a mobile-cellular network (2020) – **100%**
- Households with internet access at home (2020), national – **65%**
  - **Rural – 56%**
  - **Urban – 77%**
- Households with a computer at home (2020) – **61%**
- Mobile-cellular subscriptions per 100 inhabitants (2020) – **85**
- Individuals using the Internet, total (2017) – **76%**

Source: ITU data

According to the Speedtest Global Index, the fixed broadband speed in Moldova was 169,5 Mbps, ranking 34 out of 181 countries.

### Ranking fixed broadband speeds, Mbps, 2022

Country	Speed (Mbps)	Rank
Romania	245.5	6
Poland	171.2	32
<b>Moldova</b>	<b>169.5</b>	<b>34</b>
Germany	146.8	40
Czech Republic	103.2	55
Estonia	94.46	59

Source: Speedtest Global Index, April 2022

The Global Cybersecurity Index (GCI) is an initiative of the International Telecommunication Union (ITU), the UN specialized agency for ICTs, and is a trusted reference that measures the commitment of countries to cybersecurity at a global level – to raise awareness of the importance and different dimensions of the issue. In 2020, Moldova has a score of 75.78, ranking 63 out of 182 countries.

### Global Cybersecurity Index, 2020

Country	Score (0-100)	Rank
Poland	93.86	30
Romania	76.29	62
<b>Moldova</b>	<b>75.78</b>	<b>63</b>
Czech Republic	74.37	68
Slovenia	74.93	67
Bulgaria	67.38	77

Source: ITU Global Cybersecurity Index 2020 Report

The survey participants were asked to evaluate their level of satisfaction with some aspects related to business environment.

On a scale of 1 to 5, where 1 means “not satisfied at all” and 5 – “extremely satisfied”, representatives of BPO companies appreciated with a higher score the following aspects: availability of modern offices spaces, overall satisfaction with the city as a place for their businesses, city accessibility by airport, the level of wages, city accessibility by car and general quality of life.

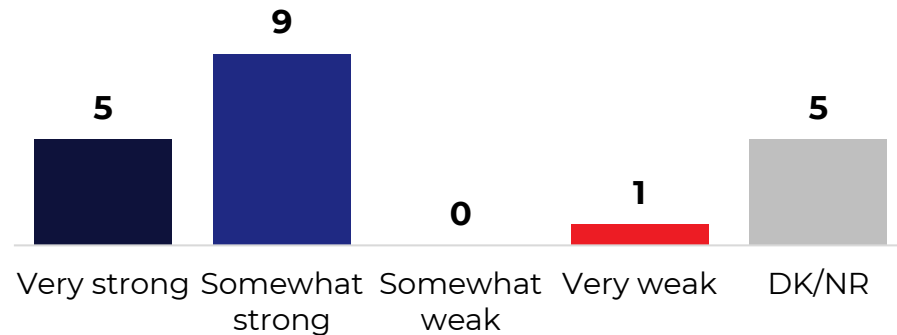
**Level of satisfaction with some aspects related to business environment, on a scale of 1 to 5, where 1 means “not satisfied at all” and 5 – “extremely satisfied”, average score**

- 3.8** Availability of modern office space
- 3.7** Overall satisfaction with the city as a place for your business
- 3.5** City accessibility by airport
- 3.3** The level of wages
- 3.2** City accessibility by car
- 3.1** General quality of life
- 2.9** Cooperation with local universities
- 2.8** Cooperation with local investor support office
- 2.8** The quality of studies offered by local universities
- 2.7** The cost of renting office space
- 2.6** Availability of talent pool/ highly qualified staff
- 2.6** Quality of public transport in the city

*Source: Survey among companies*

Most of the BPO sector representatives – 14 out of 20 are of the opinion that in their field of activity the competition is very or somewhat strong.

**Opinion on the competition in their field of activity, N=20, in number of companies**



Source: Survey among companies

## II. Regulatory framework

The survey participants were asked to evaluate their level of satisfaction with some aspects related to the regulatory framework.

Overall, on a scale of 1 to 5, where 1 means “not satisfied at all” and 5 – “extremely satisfied”, representatives of BPO companies are satisfied with the fiscal policy of the Republic of Moldova, the amount of taxes and fees, and quality of business legislation in Moldova.

**Level of satisfaction with aspects related to regulatory framework, on a scale of 1 to 5, where 1 means “not satisfied at all” and 5 – “extremely satisfied”, average score**

**4.0** Fiscal policy of the Republic of Moldova

**3.6** The amount of taxes and fees

**3.3** Quality of business legislation in Moldova

Source: Survey among companies

According to respondents, the following changes in national legislation would motivate them to expand their companies’ activity in Moldova:

- Fiscal facilities for services export.
- Expand the types of services falling under the Law on IT Parks.
- Expand the IT Park tax system provisions to other companies from BPO and SSC sectors which have activities not related to IT.

- Clarity, simplification, and stability of legislation.
- Reducing the number of reports presented to public institutions.
- The tax payment for remote employees is to be the subject of national legislation.

Those who are part of IT Park are satisfied with the current legislation. The only mention was about the additional tax per employee, which in the respondent's opinion should be excluded.

### Law on IT Parks

The Law on IT Parks came into force on January 1, 2017, to regulate the creation and functioning of information and technological parks.

Under this law, the state provides IT Parks residents with the following incentives:



**7% single tax of the sales income** - the single tax charged from the residents of information technology parks in the amount of 7% of the sales income replace: Corporate Income Tax, Personal Income Tax, social security, and medical insurance taxes due by employers and employees, local and real estate taxes, and road tax.



**IT-Visa program** - put exclusively for resident companies' disposal to simplify the process of obtaining a temporary residence permit on the territory of the Republic of Moldova of foreign nationals employed in a resident company. The program supports granting of a residency permit for IT specialists for 2 years and for managers for 4 years, with the possibility of further extension.



**5 years guarantee** - the resident companies can request the extension of the contract term until December 31, 2027.



**Virtuality** - the resident companies can register a legal address/ a subdivision anywhere in the Republic of Moldova.



**Financial allocations** obtained through competition within state programs.



**All types of state social security benefits** from the state social security budget, in accordance with the legislation in force for the employees of park residents.

The activity of the park residents is subject to mandatory annual verification carried out by audit entities registered in the Republic of Moldova. The result of the verification shall be submitted in a simplified form in electronic format.



## Moldova IT Park in Numbers (May 2022)



Active residents

**1,094**



Forecasted revenue for 2022

**395.3 M USD**



Employees

**15,300+**



Companies with foreign capital

**187**



Countries

**39**



Newly created companies

**712**

**Resident of the IT Park** can become any legal or natural person registered in the Republic of Moldova as subject of entrepreneurial activity, and whose main activity is one or several activities eligible for IT Park (activities listed below).

### Activities eligible for IT Park Residents

- customized software development activities (customer-oriented software) (62.01\*).
- computer game editing activities (58.21\*).
- editing of other software products (58.29\*).
- management activities (management and operation) of computing means (62.03\*).
- data processing, web page management and related activities (63.11\*).
- web portal activities (63.12\*); g) information technology consulting activities (62.02\*).
- other information technology service activities (62.09\*).
- other forms of education (85.59\*) limited to training in computer science.
- research and development in other natural sciences and engineering (72.19\*).
- research and development in biotechnology (72.11\*).
- manufacture of electronic components (modules) (26.11\*).
- motion picture, video, and television programme post-production activities (59.12\*).
- specialized design activities (74.10\*).

*\*According to the Classification of Activities in the Moldovan Economy (CAEM rev.2)*

# CONTACTS

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